



## THE FINANCIAL REPORT OF THE COUNCIL

### Statutory Background

Currently known as the National Museums & Galleries of Wales (NMGW), the National Museum of Wales (the Museum) was established by Royal Charter in 1907. An independent registered charity, it receives its core funding through grant-in-aid from the Welsh Assembly Government as an Assembly Sponsored Public Body (ASPB).

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

*'primarily by the complete illustration of the geology, mineralogy, zoology, botany, ethnography, archaeology, art, history and special industries of Wales ... by the collection, conservation, elucidation, presentation ... and publication of all such objects and things.'*

### Aims and Objectives

NMGW's current aims and objectives are:

- To promote a wide understanding and knowledge of Wales' heritage, culture and role in world development and history
- To provide Wales with a national museum service which is an international centre of excellence, ensuring the best possible care for our continually expanding collections of national and international renown and importance
- To encourage research, study and appreciation of the arts, humanities, sciences and technology through our collections and expertise
- To inspire an ever-widening audience to visit and enjoy our excellent museums and benefit from their diverse resources and facilities
- To develop wisely and use creatively and effectively all our resources, ensuring maximum efficiency and value for money.

These aims support the Welsh Assembly Government's strategic vision as set out in *Wales: a Better Country*. The dimension of this vision that is most relevant to NMGW is *'strengthening Wales's cultural identity and helping to create a bilingual country.'*

### Membership of the Court, Council and Management Board

In 1991, NMGW, which is a registered charity (Charity No. 525774, VAT No. GB 783 4541 10), was granted a supplemental Royal Charter and Statutes. This new Charter changed the composition of NMGW's Court and Council and confirmed The National Museum of Wales ('Amgueddfa Genedlaethol Cymru') as the body corporate in succession to that named in the original Charter. The Charter was amended in 2000 to recognise the formation of the National Assembly for Wales.

The executive authority is the Council and it is responsible for the management and administration of the finances and property of NMGW in which is vested all monies contributed by the Assembly or derived from other sources and all lands, buildings, or gifts in kind devised or granted for the purpose of the institution. The Council meets on a regular basis, in public, to conduct its business. It also delegates authority to various sub-committees. Day-to-day operational issues are handled by a Management Board.

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Members of the Council are the Trustees of the Charity and are appointed by the Welsh Assembly Government, the Court and the Council, in numbers set out within the Charter. The principles of open selection as contained within the Nolan Review are applied to all appointments. All new appointees follow an induction programme shortly after their appointment. No members of the Council or Court are remunerated by NMGW.

Schedules of Court and Council members nominated throughout the year and up until the date of this report, including leavers and starters, are added to this report. Details of their company directorships and other significant interests are maintained in a Register of Interests which is open to the public.

Details of the Management Board are also added to this report, and all members of the Management Board are appointed through open competition and employed under the standard NMGW Terms and Conditions of Employment applicable to all staff. The remuneration of the Director General is agreed separately with the Welsh Assembly Government. Details of the remuneration of the Management Board are contained within Note 7 to the Accounts.

#### **Proposed Changes in Governance**

During 2004-05, NMGW conducted a fundamental review of its aims and objectives with the purpose of formulating a Vision for the twenty-first century – *Creating the Future Together*. This review included wide-ranging consultation with visitors and stakeholders and substantial progress in preparing proposals for reforming the governance of NMGW.

The Court of NMGW has agreed to being wound up, and is content with the proposed successor body/bodies that will replace it. Agreement has also been received from the Welsh Assembly Government on proposals for appointing new Trustees to the Charity.

It will now be necessary to reflect these changes in a revised supplemental Charter through due processes of consultation with the Charity Commission and approval by the Privy Council. This will include agreement on the consultation scheme that NMGW will put in place to replace the Court. The proposed scheme aims to:

- Provide the Museum's stakeholders with a forum for meaningful consultation.
- Provide NMGW with views and advice for its development and operations, especially the implementation of the Vision.
- Be resource effective i.e. its cost must be proportionate to the benefit received.
- Retain links with the existing Court, for the sake of continuity.

Also during the year, the Welsh Assembly Government undertook a review of all Assembly Sponsored Public Bodies (ASPBs) in Wales, culminating in the decision that NMGW should remain at arm's length from the Government. Whilst NMGW welcomes this decision, it very much values the close working relationship developed with the Minister for Culture, Welsh Language and Sport at the Welsh Assembly Government. Once again this year, the Government's support for NMGW's work has proved invaluable.



### **NMGW's Locations**

During 2004-2005 NMGW directly operated museums in six locations across Wales:

The National Museum & Gallery (NMG) in Cathays Park, Cardiff

The Museum of Welsh Life (MWL) in St Fagans, Cardiff

The Roman Legionary Museum (RLM) in Caerleon, Newport

The Welsh Slate Museum (WSM) in Llanberis, Gwynedd

The National Woollen Museum (NWMD) in Dre-fach Felindre, Carmarthenshire

Big Pit: National Mining Museum of Wales (BP) in Blaenafon, Torfaen

NMGW also has its Conservation & Access Centre in Nantgarw, Rhondda Cynon Taf.

In addition, we are currently involved in partnership arrangements with local organisations for the management of two other sites:

Segontium Roman Museum in Caernarfon, Gwynedd

Turner House Gallery in Penarth, Vale of Glamorgan

During 2004-05, the completion of major capital developments at two of our museums (NWMD and BP) resulted in substantially increased visitor figures. At the same time, the development of a new national industrial and maritime museum on Swansea's waterfront has reached its final stages.

#### *Big Pit*

Following a £7.1m capital redevelopment, Big Pit was re-launched to the public in February 2004. As a result of this investment, Big Pit received 145,898 visits against a target of 130,000 (+12%) and 28,195 more visits than in 2003-04 (+24%). This success was crowned in June 2005 when Big Pit won the £100,000 Gulbenkian Prize for Museum of the Year – the largest cultural prize in the UK.

#### *National Woollen Museum*

After being closed for two years for a £2.6m investment and redevelopment programme, the National Woollen Museum re-opened on 31 March 2004. As a result of this investment, a total of 18,927 visits were made in 2004-05. This figure represents 110% increase on 2000-01 the last year of admission charges.

#### *National Waterfront Museum, Swansea*

Redevelopment at Big Pit and the National Woollen Museum forms an integral part of NMGW's industrial strategy. With the support of the Welsh Assembly Government and other funding partners, notably the Heritage Lottery Fund, £40m is being invested in EU Objective One areas to celebrate the industrial heritage of Wales, including the development of the new National Waterfront Museum in Swansea.

The early part of the year saw the building become watertight and this milestone was marked with a 'topping out' ceremony which involved the Welsh Assembly Government First Minister, Rhodri Morgan, and the Culture Minister, Alun Pugh.

The new Museum will be officially opened on 17 October 2005, to coincide with celebrations associated with the 200th anniversary of the Battle of Trafalgar, in which Welsh industrial products made a significant contribution to the success of the British fleet.

### **The Format of the Accounts**

The accounts are prepared under Section 9(4) of Museums & Galleries Act 1992 in a form directed by the National Assembly for Wales with the approval of the Treasury. A copy of the Accounts Direction is available on application to the Museum's Director of Finance.

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NMGW's accounts are compliant with the requirements of the Statement of Recommended Practice (SORP 2000) 'Accounting and Reporting by Charities', and for the purposes of the SORP the Financial Report of the Council represents the Annual Report of the Trustees. A new Statement of Recommended Practice (SORP 2005) came into effect for accounting periods commencing on or after 1 April 2005 and will result in some changes in presentation of the figures in next year's accounts.

Incorporated within the consolidated figures for NMGW are the trading results of the wholly owned subsidiary, National Museums and Galleries of Wales Enterprises Limited. This company operates the vast majority of the Museum's trading activities. Also contained within NMGW's figures is its 50% share of National Waterfront Museum Swansea Limited, a joint venture with the City and County of Swansea Council, whose prime function is the development of the new museum in Swansea referred to above.

### **Results and Appropriations**

NMGW's consolidated net incoming resources before notional costs of capital were £6,371,000 (£4,940,000 incoming in 2003-04). Total incoming resources were £24,797,000 (£24,983,000 in 2003-04) and total resources expended were £24,310,000 (£24,411,000 in 2003-04). The net increase in funds for the year after taking account of all realised and unrealised gains and losses was £22,799,000 (net increase of £6,762,000 in 2003-04). Fund balances at 31 March 2005 stood at £100,085,000 (£77,286,000 at 31 March 2004). National Museums and Galleries of Wales Enterprises Ltd reported a profit before gift aid to the Museum of £302,228 for the 2004-05 financial year (£69,289 in 2003-04).

### **Performance Indicators**

The Operational Plan for NMGW for 2004-05 contained many indicators against which performance could be measured. However, the Museum has been examining the appropriateness of some of these indicators as a measure of achievement of its aims and objectives. As a result, no primary performance indicator targets were set by the Welsh Assembly Government in its Remit Letter for 2004-05. It is, however, pleasing to note an increase in the total number of visitors to the Museums, reaching a total of 1,318,000 against a target of 1,250,000, and a figure for 2003-04 of 1,222,000. Similarly, the number of website visits rose to 962,000 against a target of 826,000 and a figure for 2003-04 of 719,000. Further detailed information on NMGW's activities is contained in its Annual Report, which should be read in conjunction with this Financial Report.

### **Prompt Payment Performance**

NMGW subscribes to the objectives of the Better Payment practice code issued by HM Treasury and aims to pay valid invoices within 30 days of receipt. The average time taken for payment of invoices during 2004-05 was 14 days (12 days in 2003-04), which includes 91% of invoices settled within 30 days (95% in 2003-04). The slight fall in performance was caused by interruptions to normal processing due to the installation of a new financial management system in the second half of the year. One payment of interest amounting to £14.27 was made under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Fundraising and Volunteers**

The majority of income and pledges secured during the year, from a range of Government and other public sources, Trusts and Foundations, companies and individuals, were for The National Waterfront Museum Swansea (£688k), and the On Common Ground educational outreach project (£330k). The Museum continued to receive grant



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income for two other capital projects, namely Big Pit: National Mining Museum of Wales (£75k) and the National Woollen Museum (£69k).

The temporary exhibition programme at the National Museum & Gallery, and its related educational activity, continued to generate funding from companies and our volunteer supporters, the Friends.

The Friends support the work of the Museum in three ways - firstly, as ambassadors for the Museum's work, providing a programme of talks, trips and other activities that complements the Museum's own educational activity.

Secondly, the Friends provide a volunteer group to support the Museum's own activities. Members of this group offer, on average, 2-6 person-hours per day at busy times (e.g. during exhibitions, where volunteers meet and greet groups and individuals, such as Friends groups from other Museums, interested casual visitors etc.) and 2-10 person-hours a week (e.g. on assisting curatorial staff across the spectrum of the Museum's activities). It is important to note that such activity is regarded by the Museum as valuable additionality, rather than volunteer provision of core work where capacity is low.

Thirdly, the Friends also provide financial support for various projects and this year generously contributed towards an education van, a research grant, acquisitions for the collections and a Natural History Touch Trail.

The Patrons continue to increase their invaluable support through their membership, and through advocacy work in recruiting other supporters to the scheme.

### **Capital Investment and Fixed Assets**

NMGW's Capital Grant-in-Aid was utilised across a broad range of expenditure including Health and Safety improvements, a new financial management system, equipment for the new Waterfront Museum and new display cases for the ceramic and herbarium collections. Work was completed during the year at both Big Pit and the National Woollen Museum, expenditure being £141k and £62k respectively.

The multi-site collections care and access project commenced during the year with an estimated project cost of £5.2m.

NMGW's accounting policies provide for assets to be professionally revalued every 5 years and revalued by the application of indices in the intervening years. The only exceptions to this are IT assets, which are not indexed due to the general lowering in price of IT assets over time, and heritage assets. Heritage assets acquired prior to 1 April 2001 have not been capitalised and heritage assets since that date have been recorded at cost. The Trustees consider that the cost of valuation of heritage assets is prohibitive.

### **Specimen Acquisition**

There have been two major purchases in 2004-05:

A painting by Alfred Sisley entitled *Storr Rock – Lady's Cove* was acquired at a cost of £326k aided by a contribution from the National Art Collections Fund of £100k.

A glazed ceramic sculpture by Richard Deacon costing £60k was acquired with a contribution of £20k from the National Art Collections Fund.

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Details of all heritage assets acquired during the year are contained in Note 10 to the accounts.

## **FUTURE DEVELOPMENTS**

### **NMGW's Vision – Creating the Future Together**

Over the years, the Museum has created a reputation for its commitment to education and excellence. This is the foundation on which the Museum has built its success as a 'learning organisation'. It attracts some of the most professional and skilled curators in Britain, it reaches out to schools and universities and it gives back to the public the knowledge it has discovered about the collections. Over the next decades, the Museum will become known, equally, for its relevance to society and innovation. Representing Wales' varied cultural identities, promoting sustainability locally, nationally and internationally and supporting the creation of a truly bi-lingual country are just part of the agenda. The help and involvement of our stakeholders will be fundamental to how these contemporary issues are debated and presented in ways that are fresh and challenging.

During Spring 2005, we held a major public consultation to obtain the thoughts, comments and aspirations of our stakeholders on our Vision for the future 'Creating the Future Together'. Some 1,300 people participated in this process and the feedback we received is influencing our plans for the next decade in relation to the collections, museums and stakeholder involvement. As a result, we will be looking forward to implementing new consultative and participative arrangements to ensure that we continue to create and shape the future of Wales' National Museum together with all of our stakeholders; to taking forward significant capital developments to improve the visitor experience at the National Museum & Gallery, the Museum of Welsh Life and the Roman Legionary Museum; and to enhancing and communicating the collections for an even wider range of memorable learning experiences both at our sites and beyond.

### **Developments at the National Waterfront Museum Swansea (NWMS)**

NWMS is being developed in conjunction with the City and County of Swansea as a project forecasted to cost £33m. It will replace both the former Welsh Industrial and Maritime Museum (WIMM) and the Swansea Maritime and Industrial Museum.

Grant applications were submitted to funding bodies in order to maximise the sums available from the sale of the WIMM site. Major grants have been received from the Heritage Lottery Fund (£11.1m), EU Objective 1 (£2.6m, subsequently augmented by a further £ 1.1m), the Welsh Development Agency (£2.5m) and the Wales Tourist Board (£1.6m). At the end of the year £2.2m remained to be sourced via fundraising, but the Welsh Assembly Government has agreed to underwrite the project by £6m including cashflow assistance.

Work is progressing with the fabric of the new build element complete and exhibition fit-out well advanced. The new Museum is due to be handed over to NMGW in August to allow trialing of the building, with formal opening scheduled for 17 October 2005.

### **The Collections Care and Access Project**

NMGW's Council has agreed to a strategy whereby investment in collections care and access will be made across the Museum's sites, most notably at MWL and NMG, as well as at WSM and the National Conservation & Access Centre, Nantgarw. This will meet the vast majority of NMGW's objectives in terms of collections care, as well as bringing wider access benefits and significantly reducing the need to dislocate collections from





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their museums and supporting staff infrastructure. This accords well with the Auditor General for Wales Report on Collections Management at NMGW, which recommends that issues of conservation and storage should be considered in conjunction with that of access.

The total cost of the Project is likely to be in the order of £5.2m of which £3.5m has been received from the Welsh Assembly Government. A Stage 1 bid for £1m has been made to the Heritage Lottery Fund for those elements of the scheme at MWL, with a response expected in the early autumn. Work has started on some elements of the scheme with full completion expected in 2007-08.

### **Estate Improvements**

NMGW has completed a comprehensive review of the condition of its estate, which demonstrated that significant capital investment would be required to address the backlog in repairs and maintenance that had accumulated over a number of years due to a lack of capital funding. The Welsh Assembly Government has since allocated £3m over three years to allow many of these issues to be addressed in a strategic manner. A project management company has been retained to oversee the procurement of this work, and a detailed project plan is now being developed to ensure that the required works are co-ordinated with the museum's other capital projects.

### **Policy on Reserves**

As a body charged with collecting and maintaining collections in order to achieve its aims and objectives, the policy on reserves here stated applies to disposable cash reserves only.

This policy is currently dependent on the authority granted by the National Assembly for Wales in NMGW's Management Statement and Financial Memorandum which limits cash reserves to 5% of its budget. This has been increased from 2% with effect at the end of the financial year 2004-05, a change that is to be warmly welcomed both as an aid to eliminating accelerated cash expenditure at the financial year-end and because it enables NMGW to utilise year-end balances to smooth budget adjustments from year-to-year and to contribute to capital developments that straddle year-end dates.

Private funds are separately maintained and specified within the accounts. These are not subject to a carryover limit and NMGW's policy is to build up these funds for utilisation on projects and Capital schemes for which it does not receive core funding.

Profits generated within the wholly-owned trading subsidiary, NMGW Enterprises Limited, are to be utilised to provide additional funding towards the aims and objectives of the Museum. On occasions this might result in profits being re-invested in the trading subsidiary in order to further improve trading returns. Arrangements for the transfer of profits to the Museum will also give due consideration to minimising the tax consequences of the trading.

NMGW is preparing a long-term plan of capital developments and refurbishments at its locations as a result of the Visioning process. In order to part-fund these developments, it is essential that maximum flexibility in reserve retention is available both via cash carry-over and retained profits from trading.

NMGW's Total Funds at 31 March 2005 were £100,085,000 with an analysis provided within the notes to the Financial Accounts.

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### **Investment Policy and Performance**

NMGW's private funds are invested on its behalf by its investment advisors Gerrard Ltd. There is a cautious attitude to risk and the funds are invested in a medium risk portfolio plus a substantial element retained in cash based investments. The performance of those funds is subject to review on a regular basis. The value of the portfolio rose during the year from £1,524k to £1,696k which was slightly over the average rise of such investments.

NMGW also held, from a bequest, an equity investment in ten blue chip companies. The value of this portfolio rose during the year from £65k to £73k.

### **Risk Management**

NMGW's Council, Committees and Directors consider the major strategic, business and operational risks which the Museum faces on a continuous basis and have established a Risk Management Group to ensure risks are reviewed and reported and that appropriate positive mitigating actions are in place. These systems remained fully operational throughout the year in accordance with the recommendations of the Turnbull Committee's published guidance and SORP 2000. In addition, all risks are reviewed annually as an integral part of the corporate planning process whilst also informing the internal audit plan.

### **Pension Liability**

NMGW operates a defined benefit pension scheme which is available to all permanent employees. As reported last year, in common with the vast majority of such schemes, a combination of a fall in the value of scheme assets represented by Equity Investment over recent years, plus other factors such as the volatility of Bond yields and improved life expectancy rates, led to a deficit in the last actuarial valuation of the scheme.

Details of how pension costs are accounted for are contained in the accounting policies note to the accounts. Disclosure requirements contained in Financial Reporting Statement 17 are contained within note 16 to the Financial Report, and compares the present day value of the scheme's assets to the potential scheme liabilities. The value of the deficit at the 31 March 2005 was calculated as £9.353m. This value incorporated a number of assumptions based on guidelines issued by HM Treasury, to which NMGW is required to adhere. The Museum's actuarial adviser believes that it is likely that the deficit will increase significantly if the guidelines are updated during the new financial year to reflect current market conditions. Full disclosure of this deficit, as required by FRS17, results in the deficit being reflected in the Consolidated Statement of Financial Activities and Balance Sheet.

While the computed deficit may only become a reality over a significant number of years in the future, it should be noted that NMGW is actively seeking ways of addressing this deficit. An increase in employer contributions of 4<sup>1</sup>/<sub>2</sub>% was made during the year and a cash injection was received from the Assembly at the financial year-end. However, major inroads into the deficit can only result from a significant uplift in the Equity Market over the coming year or a massive capital injection. In the meantime, NMGW will continue to examine the possibility of merging this scheme into the Principal Civil Service Pension Scheme, whilst at the same time, placing reliance on the fact that the scheme deficit is incorporated into the pension deficit shown in the Welsh Assembly Government's accounts and on written assurances from the Assembly that funding will be provided to at least the minimum level required to enable NMGW to meet statutory contribution levels.





## **POLICIES RELATING TO STAFF**

### **Equal Opportunities and action taken with regard to the employment of disabled employees**

NMGW implements a non-discriminatory recruitment procedure and is always prepared to consider applications from, and to appoint, disabled persons. Further, every effort is made to ensure that disabled employees are provided with the facilities necessary to carry out their employment effectively. In addition, the Corporate Plan identifies proposed investments in public facilities to improve disabled access to both buildings and information. A working group, chaired by a Director, aims to assess NMGW's responsibility to carry out any necessary physical improvements to meet the requirements of the Disability Discrimination legislation.

In addition to its policy on the disabled, NMGW states in its policy on Equal Opportunities that it 'is committed to the elimination of all forms of discrimination and harassment within its organisation'. This encompasses sex, marital status, disability, colour, nationality and national origin, ethnic origin, sexual orientation, family responsibility, age and religious belief.

### **Action taken to maintain or develop the provision of information to and consultation with employees**

NMGW has conformed with the 2005 Information and Consultation Regulations by formalising its pre-existing agreement jointly signed with its recognised Union Representative Bodies i.e. PCS, Prospect and the FDA. This establishes our legal position, which is then enhanced by a portfolio of enabling processes, including staff meetings, department meetings, working parties, e-mail, intranet and informal methods of communication as appropriate.

### **Staff Training**

NMGW is committed to providing development and training opportunities for all its employees so that:

- they can contribute as effectively as possible to the achievement of NMGW's overall objectives
- they have appropriate opportunities to develop personally and to further their careers
- they are supported at all levels by managers who have the right kinds of skills, knowledge and understanding
- they acquire a range of knowledge and skills, both specialist and general, so that NMGW develops a workforce with a broad skill base.

### **Remuneration Policy**

NMGW remunerates all of its staff under an agreed pay and grading system designed and introduced specifically to ensure fair and equitable treatment. This replaced the previous system, which had allowed inequalities in job and pay relativities and inequities in pay between men and women. Our new system was developed in house by a working group including a cross section of staff and union representatives and under the guidance of the HR department who have the responsibility for maintaining the system.

All NMGW staff at all locations are covered, with the exception of the Director General (whose terms of appointment are agreed with the National Assembly for Wales). An independent appeals process is in place to consider grading issues. Each year the Human Resources department considers NMGW remuneration against external comparators,

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movements in the economy and any internal inequities that may have developed. From this a pay remit or proposal is produced and this is submitted both for Welsh Assembly Government approval and Union negotiation. This results in a new pay and conditions package for the whole of NMGW which is binding until the next round of negotiation.

### **Welsh Language Policy**

In order to reflect our strong support for the Welsh Assembly Government's own strategy, *laith Pawb: National Action Plan for a Bilingual Wales*, NMGW prepared and implemented a Welsh Language Mainstreaming Strategy for 2004-05 and beyond.

Mainstreaming means that we consider the Welsh language in all aspects of our work and in everything that we do, with the aim of ensuring that every opportunity is taken to:

- promote and support the Welsh language and the welfare of Welsh speakers
- contribute to the Assembly Government's vision of a bilingual Wales.

NMGW's Mainstreaming Strategy for 2004-05 has been cited by the Welsh Assembly Government as an example of best practice for other Assembly Sponsored Public Bodies to follow. This Strategy has now been revised to reflect the mainstreaming implications of NMGW's Operational Plan for 2005-06.

### **Auditor**

The accounts are audited by the Auditor General for Wales in accordance with Section 9 (8) of the Museums and Galleries Act 1992. Details of auditors' remuneration for the year ending 31 March 2005 are contained in Note 6 to the Financial Accounts.

### **Principal Office**

The principal office for NMGW is: National Museum & Gallery, Cathays Park, Cardiff CF10 3NP.

### **Principal Advisers**

Bankers:	Lloyds TSB Bank PLC, Cardiff
Solicitors:	Morgan Cole LLP, Cardiff
Internal Auditors:	PricewaterhouseCoopers LLP, Cardiff
Investment Managers:	Gerrard Ltd, Cardiff
Pension Fund Managers:	Mercer Human Resource Consulting, Bristol
Taxation:	Deloitte & Touche LLP, Cardiff

*Michael Houlihan*  
Accounting Officer and Director General  
Approved and signed on 15 August 2005

*G. Wyn Howells*  
Treasurer, on behalf of the Council  
Approved and signed on 15 August 2005



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## **COURT OF GOVERNORS**

(From 1 April 2004 to 15 August 2005)

### **PRESIDENT**

Paul E. Loveluck, CBE, JP

### **IMMEDIATE PAST PRESIDENT**

Mathew Prichard CBE, DL, BA

### **VICE PRESIDENT**

Dr Susan J. Davies BA

### **TREASURER**

G. Wyn Howells, ACIB

### **MEMBERS OF THE COUNCIL**

#### **NOT OTHERWISE MEMBERS OF THE COURT**

J. W. Evans CBE, MA

Prof. C. L. Jones, OBE, FRSA

M. A. J. Salter, FCA (to 28 October 2004)

Jane Peirson Jones, MA, FMA

#### **APPOINTED BY THE WELSH ASSEMBLY GOVERNMENT**

Dr P.T. Warren CBE, MA

Linda D. Quinn, M.Sc

Prof. C. Malcolm Parry

Prof. D Egan (to 9 December 2004)

H. R. C. Williams

Rhiannon Wyn Hughes, MBE

#### **THE NATIONAL LIBRARY OF WALES**

Dr R. Brinley Jones

#### **THE UNIVERSITY OF WALES**

Mair Waldo Thomas

Professor J. King

#### **WELSH JOINT EDUCATION COMMITTEE**

Councillor G. Richards

#### **MEMBERS OF PARLIAMENT FOR WALES**

W. Griffiths MP (to 5 May 2005)

#### **APPOINTED BY THE COURT**

D. Bowen Lewis

Dr W. B. Willott, CB

C. Rowland

H. Mansfield

Prof. J Last, CBE

Dr Iolo ap Gwynn

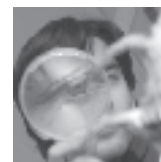
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#### REPRESENTATIVES OF LOCAL AUTHORITIES

Councillor J. G. Jenkins (to 2 February 2005)  
Councillor R. W. Hughes (to 2 February 2005)  
Councillor P. G. Larsen  
Councillor P. M. Thomas  
Dr C. Grace (to 2 February 2005)  
Councillor R. Francis-Davies (to 2 February 2005)  
Councillor D. Rogers (to 2 February 2005)  
Councillor J. A. H. Harries (to 2 February 2005)  
Councillor R. Cass (to 2 February 2005)  
Councillor R. H. Poole  
Councillor J. Huish (to 2 February 2005)  
Councillor D. I. Bowen  
Councillor J. Austin (from 2 February 2005)  
Councillor R. G. Harris (from 2 February 2005)  
Councillor J. Major (from 2 February 2005)  
Councillor J. M. Humberstone (from 2 February 2005)  
Councillor Mrs E McIlveen (from 2 February 2005)  
Councillor M. C. Wilkins (from 2 February 2005)

#### ORGANISATIONS IN WALES

Cambrian Archaeological Association:	D. Moore (from 24 February 2005)
The Council of the Royal National Eisteddfod:	G. E. Humphreys (to 18 October 2004) R. Alun Evans (from 18 October 2004)
The National Museum of Wales Society:	H. Looker
The Council of Museums in Wales:	Councillor R. Francis-Davies
WalesTUC Cymru:	A. Wellington
The Welsh Council of the CBI:	Vacant
The National Trust:	M. A. McLaggan
The Arts Council of Wales:	G. Talfan Davies
Wales Tourist Board:	J. Jones
The Welsh Wildlife Trusts Ltd:	Vacant
Countryside Council for Wales:	Chief Executive
Council for British Archaeology:	F. L. Llewelyn
The Federation of Museums and Galleries in Wales:	C. J. Delaney



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## **COUNCIL**

(From 1 April 2004 to 15 August 2005)

### **PRESIDENT**

Paul E. Loveluck, CBE, JP

### **IMMEDIATE PAST PRESIDENT**

Mathew Prichard, CBE, DL, BA

### **VICE PRESIDENT**

Dr Susan J. Davies BA

### **TREASURER**

G. Wyn Howells, ACIB

### **APPOINTED BY THE WELSH ASSEMBLY GOVERNMENT**

Dr P.T. Warren, CBE, MA

Prof. D. Egan (to 9 December 2004)

H.R.C. Williams

Rhiannon Wyn Hughes, MBE

### **APPOINTED BY THE COURT OF GOVERNORS**

D. Bowen Lewis

Dr W. B Willott, CB

Prof. J. Last, CBE

Dr Iolo ap Gwynn

### **APPOINTED BY THE COUNCIL**

J. W. Evans, CBE, MA

Prof. C. L. Jones, OBE, FRSA

M. A. J. Salter, F.C.A. (to 28 October 2004)

Jane Peirson Jones, MA, FMA

## **MANAGEMENT BOARD**

(From 1 April 2004 to 15 August 2005 )

Director General NMGW

Director of Collections and Research

(Deputy Director General)

Director of Finance

Director, Museum of Welsh Life

Director, National Museum and Gallery

Director of Operations

Director of Communications

Michael Houlihan

Eurwyn Wiliam

Jon Sheppard

John Williams-Davies

Michael Tooby

Mark Richards

Robin Gwyn

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## STATEMENT OF THE COUNCIL'S AND DIRECTOR GENERAL'S RESPONSIBILITIES

Under section 9(4) of the Museum and Galleries Act 1992, the Board of Trustees (the Council) 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 National Assembly for Wales, with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the National Assembly for Wales including the relevant accounting and disclosure requirements and apply them and suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

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





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## STATEMENT ON INTERNAL CONTROL

### 1. Scope of responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound system of internal control that supports the achievement of the National Museums & Galleries of Wales policies, aims and objectives, set by the Council, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Government Accounting.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute, assurance of effectiveness.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures, including segregation of duties, and various levels of delegation specified by HM Treasury, the National Assembly for Wales and the Council of the National Museum of Wales (Trustees). It is an ongoing process designed to identify and prioritise the risks to the achievement of NMGW's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ending 31 March 2005, and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3. Capacity to handle risk

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

### 4. The Risk and Control Framework

A robust Risk Management review is conducted by a dedicated cross-departmental group who review the progress of controls of the major risks, including, of course, the ongoing security of the Museum's collections. This group continuously engage with all Heads of Department regarding changes in potential threats to the achievement of NMGW's aims. The group is also requested to consider specific potential risks by Council, Performance Review and Audit Committees.

The Risk Management Policy and Guidelines set out the framework and roles and responsibilities in managing risk together with guidance on risk identification, assessment, monitoring and control.

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## **5. Review of effectiveness**

The Accounting Officer also has responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Management Board, the Risk Management Group, the internal auditors, Trustees and the Audit Committee, which oversees the work of the internal auditor, and by comments made by the external auditors in their management letter and other reports. A plan to address any weaknesses identified, and to ensure continuous improvement of the system, is in place.

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

- Comprehensive budgeting systems with an annual budget which is approved by the Trustees and regular reviews by the Management, Directorate and the Trustees of quarterly financial reports, which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance with progress monitored by quarterly meetings of a Performance Review Committee;
- clearly defined capital investment control guidelines;
- quarterly reports from the Chairman of the Audit Committee to the Council;
- regular reports by internal audit to standards defined in the Government Internal Audit Manual which includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement.

*Michael Houlihan*  
Accounting Officer and Director General  
Approved and signed on 15 August 2005

*G. Wyn Howells*  
Treasurer, on behalf of the Council  
Approved and signed on 15 August 2005



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

I certify that I have audited the financial statements on pages 19 to 36 under Section 9(4) of the Museums and Galleries Act 1992. These financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies set out on pages 22 and 23.

### **Respective responsibilities of the Council, the Director General and Auditors**

As described on page 14 the Council and the Director General of the National Museums & Galleries of Wales as the Accounting Officer are responsible for the preparation of the financial statements in accordance with the Museums & Galleries Act 1992 and National Assembly for Wales' directions made thereunder and for ensuring the regularity of financial transactions. The Council and Director General are also responsible for the preparation of other contents of the annual report. My responsibilities, as independent auditor, are established by statute. I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the National Assembly for Wales, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Museum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 15 and 16 reflects the Museum's compliance with Treasury's guidance 'corporate governance: statement on internal control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Museum's corporate governance procedures or its risk and control procedures.

### **Basis of opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council and Director General in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement; whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities

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which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

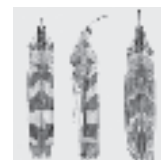
In my opinion:

- the financial statements give a true and fair view of the state of affairs of the National Museums & Galleries of Wales and the Group at 31 March 2005 and of the incoming resources and application of resources, and cash flows of the Group, for the year then ended and have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the National Assembly for Wales; and
- In all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*Jeremy Colman*  
Auditor General for Wales  
22 August 2005

Wales Audit Office  
2-4 Park Grove  
Cardiff  
CF10 3PA



## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2005

	Notes	Public funds		Private Funds		2004-05	2003-04
		Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total £'000
<b>INCOMING RESOURCES</b>							
<b>Donations and Bequests</b>	2	76	2	505	112	<b>695</b>	613
<b>Activities in Furtherance of Objects:</b>							
Grants	3	3,056	18,364	0	0	<b>21,420</b>	21,486
<b>Activities for Generating Funds:</b>							
Investment Income		0	0	63	20	<b>83</b>	63
Income from trading subsidiary	4	0	1,667	0	0	<b>1,667</b>	1,285
Other Income	5	19	857	51	5	<b>932</b>	1,536
		19	2,524	114	25	<b>2,682</b>	2,884
<b>TOTAL INCOMING RESOURCES</b>		<b>3,151</b>	<b>20,890</b>	<b>619</b>	<b>137</b>	<b>24,797</b>	<b>24,983</b>
<b>RESOURCES EXPENDED</b>	6&7						
<b>Costs of Generating Funds</b>							
Fundraising & Publicity		46	2,482	0	196	<b>2,724</b>	2,354
<b>Charitable Expenditure:</b>							
<b>Costs of Activities in Furtherance of Objects:</b>							
Collection & Preservation		906	3,413	220	25	<b>4,564</b>	5,188
Research		184	955	0	0	<b>1,139</b>	1,171
Exhibition & Education		589	2,044	220	25	<b>2,878</b>	3,742
		1,679	6,412	440	50	<b>8,581</b>	10,101
<b>Support Costs</b>		681	10,229	0	0	<b>10,910</b>	10,114
<b>Costs of Management and Administration</b>		85	1,423	12	101	<b>1,621</b>	1,350
		2,445	18,064	452	151	<b>21,112</b>	21,565
<b>Pension Finance Costs</b>	16	0	474	0	0	<b>474</b>	492
<b>TOTAL RESOURCES EXPENDED</b>		<b>2,491</b>	<b>21,020</b>	<b>452</b>	<b>347</b>	<b>24,310</b>	24,411
<b>SHARE OF JOINT VENTURE</b>	8	<b>5,884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,884</b>	4,368
<b>NET INCOMING RESOURCES BEFORE NOTIONAL COSTS</b>		<b>6,544</b>	<b>(130)</b>	<b>167</b>	<b>(210)</b>	<b>6,371</b>	4,940
Notional cost of capital		(3,365)	385	0	0	<b>(2,980)</b>	(2,478)
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>3,179</b>	<b>255</b>	<b>167</b>	<b>(210)</b>	<b>3,391</b>	2,462
Reversal of notional cost of capital		3,365	(385)	0	0	<b>2,980</b>	2,478
<b>NET INCOMING RESOURCES FOR THE FINANCIAL YEAR</b>		<b>6,544</b>	<b>(130)</b>	<b>167</b>	<b>(210)</b>	<b>6,371</b>	4,940
Unrealised Gains on revaluation of fixed assets intended for Charity Use	9	9,625	19	98	12	<b>9,754</b>	406
Realised/Unrealised Gains on market valuation of investments	11	0	0	125	55	<b>180</b>	306
Actuarial Gains on defined benefit pension scheme	16	0	6,494	0	0	<b>6,494</b>	1,110
<b>NET MOVEMENT IN FUNDS DURING THE FINANCIAL YEAR</b>		<b>16,169</b>	<b>6,383</b>	<b>390</b>	<b>(143)</b>	<b>22,799</b>	<b>6,762</b>
<b>FUND BALANCES B/FWD AT 1 APRIL 2004</b>	17	<b>88,061</b>	<b>(14,191)</b>	<b>2,792</b>	<b>624</b>	<b>77,286</b>	70,524
<b>FUND BALANCES C/FWD AT 31 MARCH 2005</b>	17	<b>104,230</b>	<b>(7,808)</b>	<b>3,182</b>	<b>481</b>	<b>100,085</b>	77,286

All activities are continuing

The non-consolidated net increase in funds recorded in the Museum's own Statement of Financial Activities during 2004-05 was £22,801,000 (£6,754,000 in 2003-04)

The notes on pages 22 to 36 form part of these accounts.

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005

	Notes	NMGW		Consolidated	
		2005 £'000	2004 £'000	2005 £'000	2004 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	9	88,370	79,101	88,374	79,109
Heritage Assets	10	5,512	4,763	5,512	4,763
Share of Joint Venture:	8				
Share of gross assets		12,244	7,286	12,244	7,286
Share of gross liabilities		(369)	(1,295)	(369)	(1,295)
		11,875	5,991	11,875	5,991
Investments	11	1,769	1,589	1,769	1,589
		107,526	91,444	107,530	91,452
<b>CURRENT ASSETS</b>					
Stock	12	113	147	431	455
Debtors due within 12 months	13	1,966	1,561	1,456	1,292
Cash at Bank and in Hand		526	751	877	831
		2,605	2,459	2,764	2,578
<b>CREDITORS</b>					
Amounts falling due within one year	14	(730)	(829)	(835)	(896)
<b>NET CURRENT ASSETS</b>		1,875	1,630	1,929	1,682
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		109,401	93,074	109,459	93,134
<b>CREDITORS</b>					
Amounts falling due after one year	15	(21)	(31)	(21)	(31)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		109,380	93,043	109,438	93,103
Defined benefit pension scheme liability	16	(9,353)	(15,817)	(9,353)	(15,817)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		100,027	77,226	100,085	77,286
<b>FUNDS</b>	17				
Public Funds Restricted		104,230	88,061	104,230	88,061
Public Funds Unrestricted		1,487	1,566	1,545	1,626
Pension Reserve		(9,353)	(15,817)	(9,353)	(15,817)
Total Public Funds Unrestricted		(7,866)	(14,251)	(7,808)	(14,191)
Private Funds Restricted		3,182	2,792	3,182	2,792
Private Funds Unrestricted		481	624	481	624
		100,027	77,226	100,085	77,286

Signed on behalf of the Trustees by

*Michael Houlihan*  
Accounting Officer and Director General  
Approved and signed on 15 August 2005

*G. Wyn Howells*  
Treasurer, on behalf of the Council  
Approved and signed on 15 August 2005

The notes on pages 22 to 36 form part of these accounts.





## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	NMGW		Consolidated	
		2004-05 £'000	2003-04 £'000	2004-05 £'000	2003-04 £'000
<b>Net Cash Inflow from Operating Activities</b>	18	<b>1,416</b>	2,528	<b>1,686</b>	2,612
<b>Capital Expenditure and Financial Investment</b>	19	<b>(1,641)</b>	(2,770)	<b>(1,641)</b>	(2,774)
<b>Increase/(Decrease) in Cash</b>	20	<b>(225)</b>	(242)	<b>45</b>	(162)

The notes on pages 22 to 36 form part of these accounts.

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## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

### 1. Accounting Policies

#### 1.1 Basis of Accounting

The Accounts are prepared under the historical cost convention, modified to include the revaluation of tangible fixed assets at their value to the Museum. They have been prepared in accordance with the Accounts Direction issued by the National Assembly for Wales with the consent of the Treasury. Without limiting the information given, the Accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP 2000), Accounting and Reporting by Charities, issued by the Charities Commissioners for England and Wales, and the accounting statements issued or adopted by the Accounting Standards Board in so far as those requirements are appropriate. HM Treasury has confirmed that the exemptions contained in the Charities SORP in respect of the need to disclose the historic cost of tangible fixed assets may apply. The accounts fully comply with Financial Reporting Standard 17 – Retirement Benefits.

#### 1.2 Joint Venture Undertakings

The Museum and the City and County of Swansea are two equal members in the National Waterfront Museum Swansea (NWMS) Ltd, a company limited by guarantee and does not have a share capital. The results of the joint venture have been included within the financial statements and are accounted for using the gross equity method of accounting.

#### 1.3 Subsidiary Undertakings

The Museum operates a wholly owned trading subsidiary National Museums and Galleries of Wales Enterprises (NMGW Enterprises) Ltd, formerly known as Matchtake Ltd. The trading results for the company have been included within the consolidated financial statements. The accounts of NMGW Enterprises Ltd for the year to 31 March 2005 received an unqualified audit opinion.

#### 1.4 Incoming Resources

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

#### 1.5 Resources Expended

Expenditure is allocated across six expenditure heads on the basis of staff apportionment, floor space or by direct allocation as appropriate. The expenditure incurred in generating funds relates to all incoming resources.

#### 1.6 Tangible Fixed Assets and Heritage Assets

Plant, equipment, fixtures and fittings are valued at their depreciated replacement cost. Leasehold and freehold properties are valued at their depreciated replacement cost, with the exception of the Nantgarw Collection Centre, which is valued at open market value. Routine maintenance work in respect of these properties is written off in the year in which it is undertaken.

With effect from 1 April 2001 heritage assets purchased from the specimen grant or donated to the Museum have been capitalised at historic cost. In accordance with Treasury accounts direction, assets acquired before 1 April 2001 have not been capitalised and in the opinion of the Trustees the cost of valuation is prohibitive.

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



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

### **1.7 Depreciation**

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

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

As permitted by the Charities SORP 2000, 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 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.

### **1.8 Funds**

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

Public Restricted Funds represent Capital and Specimen Purchase Grants receivable from the National Assembly for Wales 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 deeds under which they are set up.

### **1.9 Stock**

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

### **1.10 Investments**

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

### **1.11 Research and Development**

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

### **1.12 Taxation**

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

### **1.13 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 calculated based upon the current service cost as calculated by the scheme actuary.

### **1.14 Cost of Capital**

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

### 1.15 Derivatives

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

### 2. Donations & Bequests

	2004-05 £'000	2003-04 £'000
Donated Assets	0	64
Other Donations	695	549
	<b>695</b>	<b>613</b>

### 3. Grants Receivable

	Public Restricted £'000	Public Unrestricted £'000	2004-05 £'000	2003-04 £'000
Revenue Grant in Aid	0	18,261	<b>18,261</b>	16,924
Specimen Purchase Grant in Aid	1,043	0	<b>1,043</b>	1,075
Capital Grant in Aid	1,358	0	<b>1,358</b>	775
Grants from other government bodies	<u>655</u>	<u>103</u>	<b>758</b>	<u>2,712</u>
	<b>3,056</b>	<b>18,364</b>	<b>21,420</b>	21,486

The Museum received total Grant from the National Assembly for Wales of £20,662,000 (£18,774,000 in 2003-04) which comprises the Revenue, Specimen Purchase and Capital Grant in Aid. Grant in Aid entitlement for 2004-05 amounting to £637,000 was not drawn down from the National Assembly for Wales as at 31 March 2005 but will be drawn down and utilised in 2005-06.

Grants from other government bodies included: Heritage Lottery Fund grant of £639,000 (£2,302,000 in 2003-04); European Union grant of £46,000 (£249,000 in 2003-04); Wales Tourist Board grant of £Nil (£159,000 in 2003-04) and other grant of £73,000 (£2,000 in 2003-04).

### 4. Trading Subsidiary

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

	2004-05 £'000	2003-04 £'000
Turnover	1,485	1,146
Cost of sales	(1,087)	(970)
<b>Gross Profit</b>	<b>398</b>	<b>176</b>
Administrative expenses	(238)	(230)
Other operating income	164	132
Less Direct costs	(22)	0
<b>Profit on ordinary activities before interest</b>	<b>302</b>	<b>78</b>
Interest receivable	18	6
Interest payable	(18)	(15)
<b>Profit on ordinary activities before taxation</b>	<b>302</b>	<b>69</b>
Tax on profit on ordinary activities	0	0
<b>Profit for the financial year</b>	<b>302</b>	<b>69</b>
Gift aid payable to NMGW	(304)	(61)
<b>Retained profit for the financial year</b>	<b>(2)</b>	<b>8</b>



## 5. Other Income

	Public Funds		Private Funds		2004-05 £'000	2003-04 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Research grants and contributions to museum costs	0	266	0	0	266	859
Site related activities	0	490	0	0	490	548
Collections related	19	52	0	0	71	48
Bank interest	0	26	12	5	43	26
Sponsorship	0	3	39	0	42	27
Other	0	20	0	0	20	28
	<b>19</b>	<b>857</b>	<b>51</b>	<b>5</b>	<b>932</b>	1,536

## 6. Total Resources Expended

### (a) NMGW

	Staff Costs £'000	Other Direct Costs £'000	Depre- ciation £'000	2004-05 £'000	2003-04 £'000
<b>Costs of Generating Funds</b>					
Fundraising & Publicity	783	529	47	1,359	1,139
<b>Charitable Expenditure:</b>					
<b>Costs of Activities in Furtherance of Objects:</b>					
Collections & Preservation	2,719	1,639	206	4,564	5,188
Research	764	316	59	1,139	1,171
Exhibition & Education	789	2,028	61	2,878	3,742
	4,272	3,983	326	8,581	10,101
<b>Support Costs</b>	9,029	1,184	697	10,910	10,114
<b>Costs of Management &amp; Administration</b>	1,222	312	87	1,621	1,350
	14,523	5,479	1,110	21,112	21,565
<b>Pension Finance Costs</b>	474	0	0	474	492
<b>Total Resources Expended</b>	<b>15,780</b>	<b>6,008</b>	<b>1,157</b>	<b>22,945</b>	23,196

(b) Consolidated

	Staff Costs £'000	Other Direct Costs £'000	Depreciation £'000	2004-05 £'000	2003-04 £'000
<b>Costs of Generating Funds</b>					
Fundraising & Publicity	1,226	1,447	51	<b>2,724</b>	2,354
<b>Charitable Expenditure:</b>					
<b>Costs of Activities in Furtherance of Objects:</b>					
Collections & Preservation	2,719	1,641	204	<b>4,564</b>	5,188
Research	764	317	58	<b>1,139</b>	1,171
Exhibition & Education	<u>789</u>	<u>2,029</u>	<u>60</u>	<b>2,878</b>	<u>3,742</u>
	4,272	3,987	322	<b>8,581</b>	10,101
<b>Support Costs</b>	9,029	1,192	689	<b>10,910</b>	10,114
<b>Costs of Management &amp; Administration</b>	<u>1,222</u>	<u>300</u>	<u>99</u>	<b>1,621</b>	<u>1,350</u>
	14,523	5,479	1,110	<b>21,112</b>	21,565
<b>Pension Finance Costs</b>	474	0	0	<b>474</b>	492
<b>Total Resources Expended</b>	<b>16,223</b>	<b>6,926</b>	<b>1,161</b>	<b>24,310</b>	24,411

The amount of £36,550 (£35,750 in 2003-04) is included in resources expended for auditors' remuneration, £32,200 (£29,200 for NMGW) for the audit fee and £4,350 (£3,850 for NMGW) for other work.

## 7. Staff Costs

(a) Staff Costs during the year:

	Consolidated	
	2004-05 £'000	2003-04 £'000
Salaries & Wages	12,559	11,666
Social Security Costs	931	859
Current Service Cost	2,259	1,964
Severance Costs	0	2
	<b>15,749</b>	14,491
Pension Finance Costs	<u>474</u>	<u>492</u>
	<b>16,223</b>	14,983

Included within the staff costs are £443,000 (£396,000 in 2003-04) relating to the trading subsidiary.





(b) The average monthly number of employees comprised:

	2004-05 Number	2003-04 Number
Collection & Preservation	101	105
Research	29	29
Exhibition & Education	30	32
Support	343	327
Fund Raising & Publicity	23	22
Management & Administration	43	41
	<b>569</b>	<b>556</b>

In addition to the above the Museum also employs casual staff on an ad hoc basis.

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

	Salary 2004-05	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31 March 05 and related lump sum	CETV at 31 March 05	CETV 31 March 04	Real increase in CETV in excess of members contributions
	£	£	£	£	£	£
Mr Michael Houlihan, Director General	91,800	1,200 plus 3,500 lump sum	2,300 plus lump sum of 6,800	43,000	18,600	18,300
Dr Eurwyn Wiliam, Deputy Director General	64,954	0 plus 0 lump sum	28,900 plus lump sum of 86,800	532,600	482,200	31,100
Mr John Williams-Davies Director, MWL	63,002	1,500 plus 4,600 lump sum	24,900 plus lump sum of 74,600	447,000	378,500	52,600
Mr Michael Tooby, Director, NMG	58,112	800 plus 2,500 lump sum	3,800 plus lump sum of 11,400	49,800	34,100	11,100
Mr Mark Richards Director of Operations	60,556	900 plus 2,600 lump sum	4,700 plus lump sum of 14,000	55,300	39,100	11,300
Mr Robin Gwyn, Director, Communications	53,229	700 plus 2,200 lump sum	2,800 plus lump sum of 8,300	32,500	20,800	7,800
Mr Jonathan Sheppard, Director, Finance & IT	55,666	900 plus 2,600 lump sum	6,700 plus lump sum of 20,100	106,600	81,000	19,700

The emoluments of the Director General consisted of a basic salary of £91,800 (£86,750 in 2003-04) plus a bonus based on performance of £7,800 (£6,300 in 2003-04). He also received, as a benefit in kind, assistance with relocation costs of £5,276 (£7,083 in 2003-04) The Director General is an ordinary member of the Museum's pension scheme with Museum contributions to the scheme during the year amounting to £18,522 (£14,574 in 2003-04).

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

(d) Council Members

Council members do not receive any emoluments. The total amount of travel, subsistence and hospitality expended by the Museum for its council and committee members was £26,000 (£28,000 in 2003-04). A total of 13 council members were reimbursed expenses.

### 8. Share of Joint Venture

The Museum is an equal member, with the City and County of Swansea, of the National Waterfront Museum, Swansea (NWMS) Ltd (Charity No 1090512). 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 NMGW and the City and County of Swansea. In the event of the windup 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.

The Museum's share of the net assets of the Joint Venture comprises:

	Total Assets and Liabilities		Share of Assets and Liabilities	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Fixed Assets	23,216	11,892	11,608	5,946
Current Assets	1,272	2,680	636	1,340
Current Liabilities	(737)	(2,590)	(369)	(1,295)
<b>Net Assets</b>	<b>23,751</b>	<b>11,982</b>	<b>11,875</b>	<b>5,991</b>



## 9. Tangible Fixed Assets

### (a) NMGW

	Freehold Land & Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2004	25,805	54,972	595	2,598	<b>83,970</b>
Additions in Year	271	21	46	334	<b>672</b>
Revaluation	<u>3,259</u>	<u>6,874</u>	<u>17</u>	<u>44</u>	<b>10,194</b>
<b>At 31 March 2005</b>	<b>29,335</b>	<b>61,867</b>	<b>658</b>	<b>2,976</b>	<b>94,836</b>
<b>Depreciation</b>					
At 1 April 2004	981	1,330	437	2,121	<b>4,869</b>
Charge for the Year	408	444	57	248	<b>1,157</b>
Revaluation	<u>174</u>	<u>222</u>	<u>13</u>	<u>31</u>	<b>440</b>
<b>At 31 March 2005</b>	<b>1,563</b>	<b>1,996</b>	<b>507</b>	<b>2,400</b>	<b>6,466</b>
<b>Net Book Value</b>					
At 1 April 2004	24,824	53,642	158	477	79,101
<b>At 31 March 2005</b>	<b>27,772</b>	<b>59,871</b>	<b>151</b>	<b>576</b>	<b>88,370</b>

### (b) Consolidated

	Freehold Land & Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2004	25,805	54,972	595	2,610	<b>83,982</b>
Additions in Year	271	21	46	334	<b>672</b>
Revaluation	<u>3,259</u>	<u>6,874</u>	<u>17</u>	<u>44</u>	<b>10,194</b>
<b>At 31 March 2005</b>	<b>29,335</b>	<b>61,867</b>	<b>658</b>	<b>2,988</b>	<b>94,848</b>
<b>Depreciation</b>					
At 1 April 2004	981	1,330	437	2,125	<b>4,873</b>
Charge for the Year	408	444	57	252	<b>1,161</b>
Revaluation	<u>174</u>	<u>222</u>	<u>13</u>	<u>31</u>	<b>440</b>
<b>At 31 March 2005</b>	<b>1,563</b>	<b>1,996</b>	<b>507</b>	<b>2,408</b>	<b>6,474</b>
<b>Net Book Value</b>					
At 1 April 2004	24,824	53,642	158	485	79,109
<b>At 31 March 2005</b>	<b>27,772</b>	<b>59,871</b>	<b>151</b>	<b>580</b>	<b>88,374</b>

The Museum's tangible fixed assets were professionally valued at 31 March 2001 by Cooke and Arkwright, Chartered Surveyors, in accordance with the Guidelines issued by the Royal Institution of Chartered Surveyors.

The net book value of fixed assets of £88,374,000 includes an amount of £30,000 (Total cost of £49,000 less depreciation of £19,000) in respect of assets held under a finance lease.

## 10. Heritage Assets

Heritage Assets acquired in year comprise:

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
Talybont Church (Rebuilding)	-	22	-	22
Glazed ceramic sculpture - Richard Deacon	60	-	-	60
St Fagans Castle Greenhouses (Refurbishment)	-	58	-	58
<i>First Light</i> - Carol	6	-	-	6
<i>Sir Charles Morgan at the Castleton Ploughing Match</i> - James Flewitt Mullock	25	-	-	25
<i>The stronghold of the seison and camp of the Kittywake</i> - John Brett	50	-	-	50
Michael Cardew Slipware Fish Oval Dish	8	-	-	8
Peninsular War Medal	-	-	11	11
Romanesque Enamelled Cross	-	-	7	7
Working Locomotive Model	-	-	8	8
<i>New Palace Yard Westminster 1771</i> - Thomas Jones	8	-	-	8
<i>I Went to the Garden of Love</i> - Evelyn Williams	9	-	-	9
Three pieces from the 'Hafod' Dessert Service 1787	8	-	-	8
Postcard Series III - Figures in a Landscape Nos 1-21	10	-	-	10
<i>Storr Rock, Lady's Cove - Le Soir, 1897</i> - Alfred Sisley	326	-	-	326
Early Victorian Mahogany Cabinet	44	-	-	44
Oxford Dictionary of National Biography (60 Volumes)	-	-	6	6
18000 dried, pinned specimens of hemiptera from the Hormozgan Province, Iran	-	-	5	5
Pair of George IV Rosewood Cabinets	21	-	-	21
<i>Cader Idris</i> - Hamish Fulton	20	-	-	20
Two Photographs by Paul Seawright	15	-	-	15
<i>Snow White</i> - Berni Searle	12	-	-	12
Ammonite Faunas Collection	-	-	10	10
<b>Total Additions in Year</b>	<b>622</b>	<b>80</b>	<b>47</b>	<b>749</b>
At 1 April 2004	3,632	598	533	4,763
<b>At 31 March 2005</b>	<b>4,254</b>	<b>678</b>	<b>580</b>	<b>5,512</b>

## 11. Fixed Asset Investments

	NMGW		Consolidated	
	2004-05 £'000	2003-04 £'000	2004-05 £'000	2003-04 £'000
At 1 April 2004	1,589	1,218	1,589	1,218
Additions to investments at cost	501	65	501	65
Disposals at market value	(501)	0	(501)	0
Net Gain on Revaluation	180	306	180	306
Market Value at 31 March 2005	1,769	1,589	1,769	1,589

The historic cost of investments at 31 March 2005 was £1,215,000 (£1,015,000 at 31 March 2004). The portfolio consists of Collective Investments (Unit Trusts) authorised by the Securities and Investments Board (these were professionally valued by the Museum's investment managers, Gerrard Ltd) and shareholdings (bequested to the Museum) listed on the London Stock Exchange.



## 12. Stock

	NMGW		Consolidated	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Shop Goods for Sale	0	0	318	308
Publications stock held separately	113	192	113	192
Less Provision for Stock Write Off	0	(45)	0	(45)
	<b>113</b>	<b>147</b>	<b>431</b>	<b>455</b>

## 13. Debtors

	NMGW		Consolidated	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade Debtors	66	441	85	479
Amount due from trading subsidiary	274	41	0	0
Loan due from trading subsidiary	269	269	0	0
Other Debtors	1,196	712	1,197	712
Prepayments	161	98	174	101
	<b>1,966</b>	<b>1,561</b>	<b>1,456</b>	<b>1,292</b>

Included within Other Debtors are intra government balances with: the National Assembly for Wales of £18,000 (£65,000 in 2003-04); the Heritage Lottery Fund of £731,000 (£260,000 in 2003-04); HM Customs & Excise of £326,000 (£267,000 in 2003-04) and Countryside Council for Wales of £Nil (£11,000 in 2003-04), all being defined as other central government bodies within the Whole of Government Accounts.

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

	NMGW		Consolidated	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade Creditors	402	562	443	594
Other Creditors and Accruals	328	267	392	302
	<b>730</b>	<b>829</b>	<b>835</b>	<b>896</b>

Included within Other Creditors and Accruals are intra government balances with: the National Assembly for Wales of £21,000 (£Nil in 2003-04) and the Heritage Lottery Fund of £5,000 (£Nil in 2003-04), all being defined as other central government bodies within the Whole of Government Accounts.

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

	NMGW		Consolidated	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Finance Lease Arrangements	21	31	21	31

## 16. Pension Costs

The Museum operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2003. This was updated at 31 March 2005 by a qualified independent actuary using guidelines issued by HM Treasury. The major assumptions used by the actuary were (in nominal terms):

	2005	2004	2003
Rate of increase in salaries	4.4%	4.4%	4.0%
Rate of increase in pensions in deferment	3.1%	2.9%	2.5%
Rate of increase in pensions in payment	3.1%	2.9%	2.5%
Discount Rate	6.6%	5.5%	5.5%
Inflation Assumption	3.1%	2.9%	2.5%

The actuarial valuation at 31 March 2005 showed a decrease in the deficit from £15,817,000 to £9,353,000. The Museum contributed to the Scheme in the year to 31 March 2005 at a rate of 21.3% of Pensionable Remuneration.

(a) The assets in the scheme and the expected rates of return were:

	2005		2004		2003	
		£'000		£'000		£'000
Equities	6.90%	34,402	7.00%	29,801	7.50%	23,196
Fixed Interest Bonds	4.65%	1,248	4.75%	1,184	4.75%	948
Index Linked Gilts	4.65%	9,498	4.75%	8,479	4.75%	7,104
Other	4.00%	552	4.00%	112	4.75%	334
Total market value of assets		45,700		39,576		31,582
Actuarial value of liability		(55,053)		(55,393)		(47,813)
Recoverable deficit in the scheme		(9,353)		(15,817)		(16,231)
Related deferred tax asset /(liability)		0		0		0
<b>Net pension liability</b>		<b>(9,353)</b>		<b>(15,817)</b>		<b>(16,231)</b>

(b) Analysis of the amount charged to operating costs:

	2005	2004
	£'000	£'000
Current Service Cost	2,259	1964
Past Service Costs	0	0
<b>Total Operating Charge</b>	<b>2,259</b>	<b>1964</b>

(c) Analysis of net return on Scheme:

	2005	2004
	£'000	£'000
Expected return on pension scheme assets	2,612	2,161
Interest on pension scheme liabilities	(3,086)	(2,653)
<b>Net return</b>	<b>(474)</b>	<b>(492)</b>





## 16. Pension Costs (continued)

### (d) Analysis of actuarial gains and losses

	2005 £'000	2004 £'000
Actual return less expected return on assets	1,901	5,147
Experience gains on liabilities	0	2,683
Changes in assumptions	4,593	(6,720)
Actuarial gain	6,494	1,110
Adjustment due to surplus cap	0	0
<b>Net gain recognised</b>	<b>6,494</b>	<b>1,110</b>

### (e) Movement in deficit during the year:

	2005 £'000	2004 £'000
Deficit in scheme at beginning of year	(15,817)	(16,231)
Movement in year:		
Current service cost	(2,259)	(1,964)
Contributions paid	2,703	1,760
Net return on assets/(interest cost)	(474)	(492)
Actuarial gain	6,494	1,110
<b>Deficit in scheme at end of year</b>	<b>(9,353)</b>	<b>(15,817)</b>

The above figures, under Financial Reporting Standard 17 – Retirement Benefits, are incorporated in the Consolidated Statement of Financial Activities and Balance Sheet.

### (f) History of experience gains and losses

	2005	2004	2003
Difference between expected and actual return on scheme assets:			
amount (£' 000)	1,901	5,147	(10,853)
percentage of scheme assets	4.2%	13.0%	34.4%
Experience gains and losses on scheme liabilities:			
amount (£' 000)	0	2,683	(1,865)
percentage of scheme liabilities	0.0%	4.8%	3.9%
Actuarial gains and losses:			
amount (£' 000)	6,494	1,110	(13,607)
percentage of scheme liabilities	11.8%	2.0%	28.5%

## 17. Statement of Funds

### (a) Total Funds

	1 April 2004	Incoming Resources	Resources Expended	Other Movements in Year	31 March 2005
	£000	£000	£000	£000	£000
<b>Public Funds</b>					
Restricted - Capital	83,170	2,089	(1,921)	15,508	<b>98,846</b>
Restricted - Specimens	4,891	1,062	(570)	1	<b>5,384</b>
<b>Total Restricted</b>	<b>88,061</b>	<b>3,151</b>	<b>(2,491)</b>	<b>15,509</b>	<b>104,230</b>
Unrestricted	1,626	20,890	(20,990)	19	<b>1,545</b>
Pension Reserve	(15,817)	0	(30)	6,494	<b>(9,353)</b>
<b>Total Unrestricted</b>	<b>(14,191)</b>	<b>20,890</b>	<b>(21,020)</b>	<b>6,513</b>	<b>(7,808)</b>
<b>Total Public Funds</b>	<b>73,870</b>	<b>24,041</b>	<b>(23,511)</b>	<b>22,022</b>	<b>96,422</b>
<b>Private Funds</b>					
Restricted	2,792	619	(452)	223	<b>3,182</b>
Unrestricted	624	137	(347)	67	<b>481</b>
<b>Total Private Funds</b>	<b>3,416</b>	<b>756</b>	<b>(799)</b>	<b>290</b>	<b>3,663</b>
<b>Total</b>	<b>77,286</b>	<b>24,797</b>	<b>(24,310)</b>	<b>22,312</b>	<b>100,085</b>

Unrestricted Public Funds recorded in the Museum's own non-consolidated accounts at 31 March 2005 was £1,487,000, with £58,000 attributable to NMGW Enterprises Ltd.

Restricted Private Funds include two major fund balances being the Art Department Fund and the MWL Department Fund.

### (b) The total capital restricted funds is represented by:

	2005 £000	2004 £000
Tangible Assets	87,052	78,072
Share of Joint Venture	11,875	5,991
Debtors	768	333
Cash at Bank and in Hand	(691)	(862)
Creditors	(158)	(364)
	<b>98,846</b>	<b>83,170</b>

### (c) The total private funds is represented by

	2005 £'000	2004 £'000
Tangible Assets	986	889
Heritage Assets	499	326
Fixed Asset Investment	1,769	1,589
Debtors	12	20
Cash at Bank and in hand	397	592
	<b>3,663</b>	<b>3,416</b>



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

	NMGW		Consolidated	
	2004-05 £'000	2003-04 £'000	2004-05 £'000	2003-04 £'000
Net incoming resources for the financial year	6,373	4,932	6,371	4,940
Share of Joint Venture	(5,884)	(4,368)	(5,884)	(4,368)
Depreciation	1,157	1,382	1,161	1,386
Loss on disposal of fixed asset	0	3	0	3
Decrease in Stocks	34	312	24	40
Increase in Debtors	(423)	(38)	(119)	(76)
Increase/(Decrease) in Creditors	129	(65)	103	(9)
Trading Subsidiary transfers	0	(326)	0	0
Pension Finance Costs	30	696	30	696
<b>Net Cash Inflow from Operating Activities</b>	<b>1,416</b>	<b>2,528</b>	<b>1,686</b>	<b>2,612</b>

## 19. Capital Expenditure and Financial Investment

	NMGW		Consolidated	
	2004-05 £'000	2003-04 £'000	2004-05 £'000	2003-04 £'000
Payments to Acquire Tangible Fixed Assets	(1,641)	(4,831)	(1,641)	(4,835)
Release of receipts from the sale of WIMM	0	2,061	0	2,061
	(1,641)	(2,770)	(1,641)	(2,774)

## 20. Movements in Cash

	NMGW		Consolidated	
	2004-05 £'000	2003-04 £'000	2004-05 £'000	2003-04 £'000
Net Cash at 1 April 2004	751	993	831	993
Net Cash Inflow/(Outflow)	(225)	(242)	45	(162)
<b>Net Cash at 31 March 2005</b>	<b>526</b>	<b>751</b>	<b>876</b>	<b>831</b>

## 21. Capital Commitments

	2004-05 £'000	2003-04 £'000
At the balance sheet date there were capital commitments of	150	627

These commitments relate to the major capital works at the National Mining Museum "Big Pit" and Collection Care and Access Project.

## 22. Leased Assets

	2004-05 £'000	2003-04 £'000
Payments due on plant & machinery finance leased assets:		
Leases expiring within one year	9	10
Leases expiring within 2 to 5 years	<u>21</u>	<u>31</u>
	30	41

## 23. Contingent Liabilities

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

The Museum is in negotiation through its solicitors in respect of a number of claims for personal injury occurring at Museum sites. It is possible that the Museum will have to settle should the outcome of any negotiations or litigation be against the Museum. The Museum considers that a maximum potential charge against these claims is £69,000.

## 24. Related Party Transactions

The National Museum of Wales is an Assembly Sponsored Public Body. The National Assembly for Wales is therefore regarded as a related party. During the year the Museum received funding from the Assembly in the form of Revenue, Capital and Specimen Purchase Grant in Aid referred to in Note 2.

During the year the Museum has had various material transactions in relation to service activities with other entities for which the National Assembly for Wales is the sponsor, namely:

Wales Tourist Board  
Countryside Council for Wales  
Arts Council of Wales  
CADW

Ms Rhiannon Wyn Hughes, Council Member, is a council member of the Arts Council of Wales.

The Museum had material transactions with the National Waterfront Museum Swansea Ltd, a company in which the Museum is an equal member with the City and County of Swansea. The Museum received income through fundraising activities and transferred an amount of £349,000 in 2004-05 to the National Waterfront Museum Swansea Ltd.

Mr Paul E. Loveluck, President, Mr Mathew Prichard, Immediate Past President and Mr G. Wyn Howells, Treasurer are 3 of the 7 Directors of the National Waterfront Museum Swansea Ltd referred to in Note 8 of the Accounts. They receive no remuneration from this company.

The Museum made a payment of £5,000 to Heritage in Action (HERIAN) Ltd in 2004-05. Mr Paul E. Loveluck, President, is a Director of HERIAN. He receives no remuneration from this company.

The Museum made payments of £8,720 to Edwards Geldard Solicitors in 2004-05. Mr H.R.C. Williams, Council Member, is a Partner in Edwards Geldard.