

National Museums & Galleries of Wales
Report and Financial Statements
for the year ended 31 March 2003

National Museums & Galleries of Wales
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National Museums & Galleries of Wales
Incorporated by Royal Charter
Registered as a Charity (no: 525774)

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Financial Report of Council

Statutory Background

The National Museums & Galleries of Wales (NMGW) was established by Royal Charter in 1907 as the National Museum of Wales. An independent registered charity, NMGW receives its core funding through grant-in-aid from the Welsh Assembly Government as an Assembly Sponsored Public Body. Its core objective is the advancement of the education of the public and involves 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 collection, conservation, elucidation, presentation and publication of objects and things.

Objectives of NMGW

The aims and objectives of NMGW 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.

The current NMGW Corporate Plan shows how we will address five strategic issues in line with a number of key objectives of the Welsh Assembly Government:

- gain wider recognition of its relevance to the needs of an inclusive society
- make its collections, and the knowledge inherent in them, ever more widely accessible
- ensure that it can properly look after the collections and estates entrusted to its care
- promote leadership and effective management, and develop an open-minded organisational culture
- improve its funding base to enable it to achieve its priorities.

NMGW's mission is to 'tell Wales about the world and the world about Wales'. By interpreting and applying NMGW's priorities in contemporary and dynamic ways, we are proving beyond doubt that museums play a central role in society. By helping to deliver the Welsh Assembly Government's flagship strategies, such as the Plan For Wales, Creative Future and Winning Wales, NMGW is helping Wales to become inclusive, sustainable, more equal and knowledgeable; to be a cultured country, in the fullest sense of the word.

Locations

NMGW directly operates museums in six locations across Wales:

National Museum & Gallery in Cathays Park, Cardiff	(NMG)
Museum of Welsh Life in St Fagans, Cardiff	(MWL)
Roman Legionary Museum in Caerleon, Newport	(RLM)
Welsh Slate Museum in Llanberis, Gwynedd	(WSM)
Museum of the Welsh Woollen Industry in Dre-fach Felindre, Carmarthenshire	(MWWI)
Big Pit: The National Mining Museum of Wales in Blaenafon, Torfaen	(BP)

In addition we are currently developing new partnership arrangements for the management of two other sites:

Segontium Roman Museum in Caernarfon, Gwynedd	(SRM)
Turner House Gallery in Penarth, Vale of Glamorgan	(THG)

NMGW also operates a Collections Centre at Nantgarw, Rhondda Cynon Taf. Plans for a major extension to the building are being developed to establish a National Conservation & Access Centre for Wales.

After the Welsh Industrial & Maritime Museum in Cardiff Bay closed in 1998, NMGW looked at a number of alternative locations for a new museum to tell the story of Wales' industrial history and, following public consultation, Swansea was selected as the location for the £30m project.

On 10 February 2003, Welsh Assembly Government First Minister Rhodri Morgan was invited to 'cut the first sod' at a site inauguration ceremony and, by the end of March, the project was on budget and on time to open in Spring 2005.

Format of 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 approval of the Treasury. A copy of the Accounts Direction is available on application to the Director of Finance & IT. The Museum's accounts are compliant with the requirements of the Statement of Recommended Practice (SORP 2000) 'Accounting and Reporting by Charities'. For the purposes of the SORP the Financial Report of Council represents the Annual Report of the Trustees.

Results and Appropriations

The Museum's consolidated net incoming resources before notional costs were £4,314,000 (£4,111,000 incoming in 2001-02). The Museum's incoming resources were £24,965,000 (£24,313,000 in 2001-02) and the Museum's total resources expended were £21,771,000 (£20,705,000 in 2001-02) before notional costs. The net increase in funds for the year after taking account of all realised and unrealised gains and losses was £14,277,000 (net increase of £5,529,000 in 2001-02). Fund balances at 31 March 2003 stood at £86,755,000 (£72,478,000 at 31 March 2002). National Museums & Galleries of Wales Enterprises Ltd (formerly Matchtake Ltd) reported a profit of £6,271 for the 2002-03 financial year (£28,882 in 2001-02). With effect from 1 April 2003 most of the Museum's trading activities have been transferred to this wholly-owned trading subsidiary.

Performance Indicators

The Museum's performance against its primary performance indicator targets set by the Welsh Assembly Government in its Remit letter to the Museum was as follows:

Primary performance indicator	2002-03	2002-03	2001-02
	target	out-turn	out-turn
	(000's)	(000's)	(000's)
1 Visitor numbers	1,150	1,278	1,430
2 Web-site visits	600	541	481

Notes

1 Final visitor numbers are 11% above target and 67% above the levels achieved prior to the introduction of free admission.

2 Despite being 10% below target, this figure represents a 12.5% improvement on the previous year. The Museum will be relaunching its web-site during 2003-04.

Prompt Payment Performance

The Museum subscribes to the objectives of the Better Payment practice code issued by HM Treasury and aims to pay valid invoices within 30 days of receipt. The average length of payment of invoices during 2002-03 was 12 days (22 days in 2001-02), which includes 97% settled within 30 days (90% in 2001-02).

Fundraising and Volunteers

Volunteers have once again made an invaluable contribution to the work of NMGW this year. More than sixty volunteer Friends have worked within departments, helped with fundraising or contributed to Front of House activities.

Whilst much of the Museum's fundraising efforts have focused on delivering the major capital developments there has been steady progress in a number of other areas. The Patrons continue to grow in number, providing invaluable unrestricted income and, despite the very difficult economic conditions, sponsorship of exhibitions has kept pace with previous years.

Capital Investment and Fixed Assets

Major works undertaken during the year included work on ICT infrastructure and the Collections Centre Workshop at Nantgarw.

Work was ongoing on the £7.1m Big Pit re-development project which is funded from HLF grant (£5.3m), LRF grant (£0.5m), WTB grant (£0.4m) and other grants and

donations (£0.9m). As at 31 March 2003 there was actual total project expenditure of £4m.

Work had commenced on the £2m MWWI re-development project, which is funded from HLF grant (£1m), ERDF grant (£0.4m) and NMGW match-funding (£0.6m). As at 31 March 2003 there was actual total project expenditure of £697,000.

The Welsh Assembly Government held, at the beginning of the year, a sum of £3.9m (of the original £4.5m) for the National Waterfront Museum. Further funding of £1.8m was drawn down for the construction work undertaken in 2002-03, leaving £2.1m to be spent on the construction over the next year. This represents the Museum's direct financial contribution to the project.

Specimen Acquisition

There have been 3 major purchases in 2002-03:

From Willesden Green, Autumn by Leon Kossoff, at a cost to the Museum of £74,000 supported by a contribution from the Derek Williams Trust (DWT) of £66,000.

Untitled (History) by Rachel Whiteread, at a cost to the Museum of £40,000 supported by a contribution from the National Art Collections Fund (NACF) of £40,000 and the DWT of £40,000.

Landscape with Arched Gateway by Adam Pynacker, at a cost to the Museum of £117,000 supported by a contribution from the National Art Collections Fund (NACF) of £41,000.

Other items of expenditure included finalising the restoration of the Italian Garden at MWL with a total cost of £173,000, continuity work on the relocated Llandeilo Talybont Church, Taffs Well Police Station and the Cae Adda Byre at MWL plus ongoing minor artefact purchases, additions to the library collection and fieldwork by the various curatorial departments.

Future Developments

Developments at Bit Pit: National Mining Museum (BP)

Big Pit is currently undergoing a major £7m redevelopment, funded principally by an HLF grant, that will conserve the underground workings and the existing surface buildings as well as enhancing interpretation facilities and galleries to exhibit the coal industry collections from both Big Pit and NMGW. Scheduled for completion in 2003-04, the redevelopment will lead to enhanced visitation and visitor satisfaction, and make the Museum the central attraction in the new World Heritage Site. It will enable the development of a thriving visitor destination in Blaenafon and promote greater understanding of Wales' foremost historical industry.

Developments at the National Waterfront Museum (NWM)

NWM is being developed in conjunction with the City & County of Swansea. It will replace both the Welsh Industrial & Maritime Museum (WIMM) and the Swansea Maritime & Industrial Museum (SMIM). Grant applications were submitted to funding bodies in order to maximise the sums available from the sale of WIMM.

A Stage 2 Application to the Heritage Lottery Fund (HLF) for a grant of £10.699m was submitted to the HLF in April 2002, and was approved by their Board of Trustees in July 2002. With additional funding in place from the EU Objective One Fund (£2.6m), Welsh Development Agency (£2.5m) and the Wales Tourist Board (£1.5m), coupled with an agreement from the Welsh Assembly Government to provide a £6m underwrite to the project, it was possible to finalise all of the funding contracts. As a result, the existing Swansea Industrial & Maritime Museum was emptied, and work on-site commenced in early January 2003. The initial activities concentrated on enabling works (site clearance, drains, piling, etc.), with the main build contract works commencing at the end of March 2003. The New Museum is due to open spring 2005.

Developments at the Museum of the Welsh Woollen Industry (MWWI)

Following the successful bid to the HLF for almost £1m, NMGW is developing MWWI to bring it up to the standards expected of a national museum. A further £350,000 has been agreed from Objective One funding. The redevelopment will make 60% more space accessible to the visitors and will be safeguarding the fabric of the four listed mill buildings, completely re-displaying and re-interpreting the collections and upgrading the educational and visitor facilities on the site thereby creating a flagship destination attraction for the Teifi Valley.

Developments at the Collections Centre, Nantgarw

As a consequence of the award of £3.5m of capital development funding from the Welsh Assembly Government, the Museum is now able to progress our plans for the expansion of the Collections Centre into the National Conservation & Access Centre (NCAC). The overarching aim of this project is to develop a properly equipped and

well-managed storage facility that will provide suitable physical and environmental conditions for the long-term care and preservation of our collections. The direct consequence of this will be enhanced access to our reserve collections, whether at our own museums or by facilitating expanding partnership arrangements with others or virtually through publication and digitisation. When completed, 90% of space used to store and display collections within NMGW will meet appropriate standards. During 2003-04 we will be producing detailed plans for the development in order to seek the additional funding it requires. It is anticipated that the NCAC will become fully operational in 2007.

Policy on Reserves

The Museum's policy on reserves is currently dependent on the authority granted by the National Assembly for Wales in the Museum's Management Statement and Financial Memorandum which limits cash reserves to 2% of its agreed gross budget and 10% of receipts. On an annual basis the Museum aims to achieve a balanced financial position with a breakeven of its income and planned expenditure.

The Museum's private funds are separately maintained and specified within the accounts. These are not subject to a limit and the Museum's policy is to build up these funds to be utilised as funding for projects and Capital schemes for which it does not receive core funding.

The Museum's Total Funds at 31 March 2003 was £86,755,000, with an analysis provided within the notes to the Financial Accounts.

Investment Policy and Performance

The Museum's private funds are invested on its behalf by its investment advisors Gerrard Ltd. The Museum's attitude to risk is cautious and the funds assets are invested in a lower risk portfolio with a substantial element retained in cash based investments. The performance of those funds is subject to review on a regular basis. Despite this cautious approach, the value of the investments fell during the year from £1,711,000 to £1,218,000, which was in keeping with the general average fall of such investments.

Risk Management

The Museum's Council, Committees and Directors examined the major strategic, business and operational risks which the Museum faces and have established a system utilising a Risk Management Group to ensure risks are reviewed and reported quarterly at all levels of the organisation, and that appropriate action is in place to mitigate the significant risks. These systems were fully operational throughout the year in accordance with the recommendations of the Turnbull Committee's published guidance and the SORP 2000. In addition all risks are reviewed annually as an integral part of the corporate planning process and they also inform the internal audit plan.

Major risks identified as part of the risk management process include financial risks such as changes in the economic environment, reliance upon Assembly funding, difficulties in attracting match funding for the Museum's major projects and major systems failure; buildings, utilities and health and safety implications; public accountability and planning and personnel/staffing risks.

Pension Liability

The Museum operates a defined benefit Pension Scheme which is available to all employees. In common with the vast majority of such schemes, the value of the scheme assets has been reduced over the last twelve months due to the sharp fall in Equity Investments. Note 17 to the Financial Report provides further information relating to pension costs in line with the transitional arrangements under Financial Reporting Statement 17. Based upon actuarial calculations as shown in that note, the present day value of the scheme when compared to the potential scheme liabilities shows a deficit of £16m. Whilst it should be noted that this is a discounted present day value and may only crystallise over a significant number of years into the future, the Museum is considering steps to address this deficit. Whilst there is an expectation of a recovery in investment values, the Museum and the Trustees are actively reviewing the investment strategy and taking further actuarial advice regarding other possible avenues. Finally, discussions are being pursued to examine the possibility of merging the Museum's scheme into the Principal Civil Service Pension Scheme.

Action taken with regard to the employment of disabled employees

The Museum implements a non-discriminatory recruitment procedure and is always prepared to consider applications from and to appoint disabled persons. Furthermore, the Museum makes every effort to ensure that disabled employees are provided with the facilities necessary to carry out their employment effectively. In addition, the Museum's Corporate Plan includes investment in public facilities to improve disabled access to both buildings and information. A working group, chaired by a Director, ensures that the Museum carries out any improvements required to meet the requirements of the Disability Discrimination legislation.

Welsh Language Policy

Under our current Welsh Language Scheme, we make every effort to recruit bilingual staff to reflect the needs and requirements of our visitors and to provide the service we wish to provide. Appropriate use of Welsh and appropriate responses to requests from Welsh-speakers, over the telephone and in person, are included in NMGW's

induction training for all staff.

During the next three years, NMGW will implement a Communication Skills Strategy designed to proactively offer a fully comprehensive bilingual service and to become a beacon of excellence as regards face-to-face bilingual service.

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

The Museum communicates information to its employees by various methods including regular team briefing of all staff, quarterly addresses by the Director to all staff, open memoranda via the Museum's intranet, memoranda to Heads of Departments and through consultation and negotiation with the recognised Trade Unions with whom both formal and informal meetings are held.

Court and Council Membership

In 1990 the Museum, which is a registered charity (Charity No. 525774, VAT No. GB 783 4541 10), was granted a new supplemental Royal Charter and Statutes. The new Charter changed the composition of the Museum'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 which is responsible for the management and administration of the finances and property of the Museum, in which is vested all monies contributed by the Treasury 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 to conduct its business. It also delegates authority to various sub-committees with day-to-day operational issues being handled by a Management Board. 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. The trustees of the Museum are the members of Council.

Auditor

The accounts are audited by the Auditor General for Wales in accordance with Section 9 (8) of the Museums and Galleries Act 1992.

Principal Office

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

Principal Advisers

Bankers:	Lloyds TSB, Cardiff
Solicitors:	Morgan Cole, Cardiff
Internal Auditors:	Grant Thornton, Cardiff (to 31 March 2003) PriceWaterhouse Coopers, Cardiff (from 1 April 2003)
Investment Managers:	Gerrard Ltd, Cardiff
Pension Fund Managers:	Mercer Human Resource Consulting, Bristol
Taxation:	Deloitte & Touche, Cardiff

Michael Houlihan

Accounting Officer and Director General

Approved and signed on 14 August 2003

G. Wyn Howells

Treasurer, on behalf of the Council

Approved and signed on 27 August 2003

NMGW's Court and Council

COURT OF GOVERNORS

(From 1 April 2003 to 27 August 2003)

PRESIDENT

Mathew Prichard, CBE, DL, BA (to Oct 2002)

Paul E. Loveluck, CBE, JP (from Oct 2002)

VICE PRESIDENT

Roger G. Thomas OBE, LLB, CCMI (to Oct 2002)

Dr Susan J. Davies, BA (from Oct 2002)

TREASURER

G. Wyn Howells ACIB

MEMBERS OF THE COUNCIL NOT OTHERWISE MEMBERS OF THE COURT

Mrs A. Carey-Evans (to Apr 2002)

J.W. Evans CBE, MA

Prof. C.L. Jones OBE, FRSA

M.A.J. Salter, FCA

Jane Peirson Jones, JP (from Mar 2003)

APPOINTED BY THE WELSH ASSEMBLY GOVERNMENT

Dr P.T. Warren CBE, MA

Linda D. Quinn, MSc

C. Malcolm Parry

Prof. D Egan (from April 2003)

H.R.C. Williams (from April 2003)

Rhiannon Wyn Hughes, MBE (from April 2003)

Eirlys Pritchard Jones, BA (to March 2003)

Dr Nancy M. Edwards, BA, FSA (to March 2003)

THE NATIONAL LIBRARY OF WALES

Vacant

THE UNIVERSITY OF WALES

Mair Waldo Thomas

Professor J. King

WELSH JOINT EDUCATION COMMITTEE

Councillor D. Parry Jones (to May 2003)

Councillor G. Richards (from June 2003)

MEMBERS OF PARLIAMENT FOR WALES

W. Griffiths MP

APPOINTED BY THE COURT

D. Bowen Lewis

Dr W. B. Willott, CB

Dr E. Wyn Lewis (to Nov 2002)

C. Rowland

H. Mansfield

Prof. J. Last, CBE (from May 2003)

Dr Iolo ap Gwynn (from May 2003)

REPRESENTATIVES OF LOCAL AUTHORITIES

Councillor J.G. Jenkins

Councillor R.W. Hughes

Councillor P.G. Larsen

Councillor P.M. Thomas

Dr C. Grace

Councillor R. Francis-Davies

Councillor D. Rogers

Councillor J.A.H. Harries

Councillor R. Cass

Councillor R. H. Poole

Councillor J. Huish

Councillor D.I. Bowen

ORGANISATIONS IN WALES

Cambrian Archaeological Association

K. Mascetti (deceased May 2002)

The Council of the Royal National Eisteddfod

G.E. Humphreys

The National Museum of Wales Society

H. Looker

The Council of Museums in Wales

Councillor R. Francis-Davies

Wales TUC Cymru

A. Wellington

The Welsh Council of the CBI

Vacant

The National Trust

M.A. McLaggan

The Arts Council of Wales

Chairperson

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

Vacant

COUNCIL

(From 1 April 2002 to 27 August 2003)

PRESIDENT

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Paul E. Loveluck, CBE, JP (from Oct 2002)

VICE PRESIDENT

Roger G. Thomas OBE, LLB, CCMI
(to Oct 2002)

Dr Susan J. Davies, BA (from Oct 2002)

TREASURER

G. Wyn Howells, ACIB

APPOINTED BY THE WELSH ASSEMBLY GOVERNMENT

Eirlys Pritchard Jones, BA (to Mar 2003)

Dr Nancy M. Edwards, BA, FSA (to Mar 2003)

Dr P.T. Warren, CBE, MA

Prof. D. Egan (from April 2003)

H.R.C. Williams (from April 2003)

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Dr E. Wyn Lewis (to Nov 2002)

Prof. J. Last, CBE (from May 2003)

Dr Iolo ap Gwynn (from May 2003)

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Mrs A. Carey-Evans (to Apr 2002)

J.W. Evans CBE, MA

Prof. C. L. Jones OBE, F.R.S.A

M.A.J. Salter, FCA

Jane Peirson Jones, JP (from Mar 2003)

MANAGEMENT BOARD

(From 1 April 2002 to 27 August 2003)

Director General, NMGW

Anna Southall (to Oct 2002)

Michael Houlihan (From April 2003)

Director of Research & Education

Eurwyn Wiliam

(Acting Director General, NMGW, Oct 2002
to April 2003)

Director of Social & Industrial History

John Williams-Davies

Director of Arts & Sciences

Michael Tooby

Director of Corporate Services

Mark Richards

Director of Finance & IT

Jon Sheppard (from Nov 2002)

Director of Strategic Communications

Robin Gwyn

Statement on the System of Internal Control

As Accounting Officer I 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 I am personally responsible in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of the Museums policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place throughout the year ending 31 March 2003, and up to the date of approval of the annual report and accounts.

As Accounting Officer I also have responsibility for reviewing the effectiveness of the system of internal control. The Museum has established the following processes:

- 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 Finance & General Purposes Committee.
- Clearly defined capital investment control guidelines.
- Quarterly reports from the Chairman of the Audit Committee to the Council concerning internal control.
- Regular reports by internal audit to standards defined in the Government Internal Audit Manual which include the Internal Auditor's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement.
- A robust Risk Management review by a dedicated cross-departmental group who review the progress of controls of the major risks and continuously engage with all Heads of Department regarding changes in potential threats to the achievement of the Museum's aims.

My review of the effectiveness of the system of internal control is informed by the work of 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.

Michael Houlihan

Accounting Officer

14 August 2003

Statement of Council's and Director's Responsibilities

Under section 9(4) of the Museums 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 Museum's 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 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 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 12 to 32 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 16 and 17.

Respective responsibilities of the Council, the Director General and Auditors

As described on page 10, the Council and the Director General of the National Museum 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 the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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 read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent mis-statements or material inconsistencies with the financial statements.

I review whether the statement on page 10 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.

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 mis-statement; 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 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 Museum of Wales and the Group at 31 March 2003 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.

John Bourn

Auditor General for Wales

25 September 2003

National Audit Office

3-4 Park Place, Cardiff CF10 3 DP

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2003

		Public funds		Private Funds		2002-03	2001-02
		Restricted	Unrestricted	Restricted	Unrestricted	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000
	Notes						Restated
INCOMING RESOURCES							
Donations and Bequests	2	28	64	506	133	731	2,901
Activities in Furtherance of Objects:							
Grants	3	5,672	16,100	0	0	21,772	19,072
Activities for Generating Funds:							
Investment Income		0	0	52	18	70	60
Shop Income (including subsidiary)	4	0	1,138	0	0	1,138	1,110
Other Income	5	0	1,203	13	38	1,254	1,170
		0	2,341	65	56	2,462	2,340
TOTAL INCOMING RESOURCES		5,700	18,505	571	189	24,965	24,313
RESOURCES EXPENDED							
	6&7						
Costs of Generating Funds:							
Fund Raising & Publicity		48	1,522	0	26	1,596	1,696
Charitable Expenditure:							
Costs of Activities in Furtherance of Objects:							
Collection & Preservation		1,643	3,180	27	2	4,852	4,259
Research		167	842	0	0	1,009	1,112
Exhibition & Education		1,384	2,051	26	2	3,463	3,031
		3,194	6,073	53	4	9,324	8,402
Support Costs		685	8,891	6	0	9,582	9,322
Costs of Management and Administration							
		86	1,182	1	0	1,269	1,285
		3,965	16,146	60	4	20,175	19,009
TOTAL RESOURCES EXPENDED		4,013	17,668	60	30	21,771	20,705
Share of Joint Venture	8	1,120	0	0	0	1,120	503
NET INCOMING RESOURCES BEFORE NOTIONAL COSTS		2,807	837	511	159	4,314	4,111

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2003 (CONTINUED)

	Notes	Public funds		Private Funds		2002-03	2001-02
		Restricted	Unrestricted	Restricted	Unrestricted	Total	Restated
		£'000	£'000	£'000	£'000	£'000	£'000
TOTAL BROUGHT FORWARD FROM PREVIOUS PAGE		2,807	837	511	159	4,314	4,111
Notional cost of capital		(4,583)	(36)	0	0	(4,619)	(4,036)
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		(1,776)	801	511	159	(305)	75
Reversal of notional cost of capital		4,583	36	0	0	4,619	4,036
NET INCOMING RESOURCES FOR THE FINANCIAL YEAR		2,807	837	511	159	4,314	4,111
Unrealised Gains on revaluation of fixed assets intended for Charity Use	9	10,331	0	125	0	10,456	1,415
Unrealised Gains/(Losses) on market valuation of investments	11	0	0	(440)	(53)	(493)	3
NET MOVEMENT IN FUNDS DURING THE FINANCIAL YEAR		13,138	837	196	106	14,277	5,529
FUND BALANCES B/FWD AT 1 APRIL	18	69,812	179	2,210	277	72,478	66,949
FUND BALANCES C/FWD AT 31 MARCH	18	82,950	1,016	2,406	383	86,755	72,478

All activities are continuing

The net increase in funds attributable to the Museum's own activities during 2002-03 was £14,271,000

The notes on pages 16 to 32 form part of these accounts.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003

	Notes	NMGW		Consolidated	
		2003 £'000	2002 £'000	2003 £'000	2002 £'000
FIXED ASSETS					
Tangible Assets	9	76,233	62,227	76,233	62,227
Heritage Assets	10	4,038	3,248	4,038	3,248
Share of Joint Venture:	8				
Share of gross assets		1,984	808	1,984	808
Share of gross liabilities		(361)	(305)	(361)	(305)
		1,623	503	1,623	503
Investments	11	1,218	1,711	1,218	1,711
		83,112	67,689	83,112	67,689
CURRENT ASSETS					
Stock	12	459	438	495	473
Debtors due within 12 months	13	3,399	2,584	3,399	2,584
Debtors due after more than 12 months	13	0	2,500	0	2,500
Investments	14	0	132	0	132
Cash at Bank and in Hand		993	681	993	681
		4,851	6,335	4,887	6,370
CREDITORS					
Amounts falling due within one year	15	(1,260)	(1,509)	(1,244)	(1,498)
NET CURRENT ASSETS		3,591	4,826	3,643	4,872
TOTAL ASSETS LESS CURRENT LIABILITIES		86,703	72,515	86,755	72,561
PROVISIONS FOR LIABILITIES AND CHARGES					
Severance Scheme Costs	16&17	0	(83)	0	(83)
NET ASSETS		86,703	72,432	86,755	72,478
FUNDS					
	18				
Public Funds Restricted		82,950	69,812	82,950	69,812
Public Funds Unrestricted		964	133	1,016	179
Private Funds Restricted		2,406	2,210	2,406	2,210
Private Funds Unrestricted		383	277	383	277
		86,703	72,432	86,755	72,478

Signed on behalf of the Trustees by

Michael Houlihan, Accounting Officer and Director General

Approved and signed on 14 August 2003

G.Wyn Howells, Treasurer, on behalf of the Council

Approved and signed on 27 August 2003

The notes on pages 16 to 32 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

		2002-03	2001-02
	Notes	£'000	£'000
Net Cash Inflow from Operating Activities	19	3,468	1,559
Capital Expenditure and Financial Investment	20	(3,288)	(1,801)
Management of liquid resources	21	132	118
Increase/(Decrease) in Cash	22	312	(124)

The notes on pages 16 to 32 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2003

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), 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. The Treasury has confirmed that the exemptions contained in the Charities SORP in respect of the need to disclose the historic cost of tangible fixed assets may apply.

1.2 Joint Venture Undertakings

The Museum holds a 50% share in the National Waterfront Museum Swansea (NWMS) Ltd, the remaining 50% being held by the City & County of Swansea. 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 & 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 2003 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 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 Collection Centre at Nantgarw, 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.

1.6 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 e.g. items subject to technological changes or with a high obsolescence factor; a 3 year life is used.

1.7 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.

1.8 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. In the opinion of the Council, there is no material difference between the historic cost of stock and current replacement cost.

1.9 Investments

Investments are shown at market value. Gains and losses on disposal are credited or charged to the Statement of Financial Activities. Movements in the market value of investments, held at the year end, are also reflected in that statement in accordance with the Statement of Recommended Practice on Accounting for Charities.

1.10 Research and Development

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

1.11 Taxation

The Museum has been granted charitable status by the Inland Revenue.

1.12 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 amounts payable in year to the Pension Scheme. The accounts comply with the transitional arrangements under Financial Reporting Standard 17 - Retirement Benefits and the required disclosures are contained within Note 17.

1.13 Cost of Capital

Government Accounting requires the inclusion of a notional cost of capital, calculated by applying a percentage of 6% to the average public capital employed. The cost of capital charge measures an appropriate return on the taxpayers equity.

1.14 Derivatives

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

2. Donations & Bequests

	2002-03	2001-02
	£'000	£'000
Donated Assets	22	2,665
Other Donations	709	236
	731	2,901

3. Grants Receivable

	Public		2002-03	2001-02
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
Revenue Grant in Aid	0	16,020	16,020	14,753
Specimen Purchase Grant in Aid	1,075	0	1,075	1,075
Capital Grant in Aid	775	0	775	1,165
National Waterfront Museum Grant	540	0	540	822
Capital Modernisation Fund	0	0	0	185
Grants from other government bodies	<u>3,282</u>	<u>80</u>	<u>3,362</u>	<u>1,072</u>
	5,672	16,100	21,772	19,072

The Museum received total Grant from the National Assembly for Wales of £17,870,000 (£17,178,000 in 2001-02) which comprises the Revenue, Specimen Purchase and Capital Grant in Aid. In addition the Museum received specific grant of £540,000, which it transferred to the NWMS Ltd.

Grants from other government bodies included: Heritage Lottery Fund grant of £2,768,000 (£571,000 in 2001-02); European Union grant of £366,000 (£245,000 in 2001-02); Wales Tourist Board grant of £192,000 (£50,000 in 2001-02) and other grant of £36,000 (£206,000 in 2001-02).

4. Shop Operations

	NMGW	Subsidiary	2002-03	2001-02
	£'000	£'000	£'000	£'000
			Total	Total
Sales	939	199	1,138	1,110
Cost of Sales:				
Purchases	(475)	(94)	(569)	(581)
Increase/(Decrease) in Stock	(1)	2	1	29
	<u>(476)</u>	<u>(92)</u>	<u>(568)</u>	<u>(552)</u>
Gross Profit Before Direct Expenses	463	107	570	558

Included within the staff costs (Note 7) are £331,000 (£259,000 2001-02) for shop staff costs (£281,000 for NMGW and £50,000 for the Subsidiary, NMGW Enterprises Ltd) and within other direct costs are £33,000 (£26,000 2001-02) for shop operating costs. Total Shop contribution to Public Funds (Unrestricted) was £206,000 (£273,000 2001-02).

5. Other Income

	Public Funds		Private Funds		2002-03 £'000	2001-02 £'000
	Restricted	Unrestricted	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000		
Education, Schools Income & Grants	0	10	0	0	10	24
Copyrights & Research Income	0	122	0	0	122	79
Sponsorship	0	6	0	36	42	92
Corporate functions, Rents & Facility fees	0	697	0	0	697	673
Bank Interest	0	19	13	2	34	33
Demonstrating crafts & Contributions to Museum Costs	0	349	0	0	349	187
Contributions from the City & County of Swansea for the Waterfront Project	0	0	0	0	0	82
	0	1,203	13	38	1,254	1,170

6. Total Resources Expended

	Staff		Other		Waterfront Transfer	Depreciation	2002-03 £'000	2001-02 £'000
	Costs	Direct Costs	Costs	Direct Costs				
	£'000	£'000	£'000	£'000				
Costs of Generating Funds								
Fundraising & Publicity	536	1,012	0	48			1,596	1,696
Charitable Expenditure:								
Costs of Activities in Furtherance of Objects:								
Collections & Preservation	2,455	1,004	1,171	222			4,852	4,259
Research	679	269	0	61			1,009	1,112
Exhibition & Education	742	1,484	1,170	67			3,463	3,031
	3,876	2,757	2,341	350			9,324	8,402
Support Costs								
	7,656	1,235	0	691			9,582	9,322
Costs of Management & Administration								
	964	218	0	87			1,269	1,285
	12,496	4,210	2,341	1,128			20,175	19,009
Total Resources Expended	13,032	5,222	2,341	1,176			21,771	20,705

Waterfront Transfer expenditure comprises payments made by the Museum to the National Waterfront Museum, Swansea Ltd. (Note 8 refers)

Expenditure is allocated across the above six expenditure heads on the basis of staff apportionment, floor space or by direct allocation as appropriate.

The amount of £30,500 (£29,500 in 2001-02) is included in management and administration for auditors' remuneration, £27,000 for the audit fee and £3,500 for other work.

7. Staff Costs

(a) Staff Costs during the year:

	2002-03	2001-02
	£'000	£'000
Salaries & Wages	10,671	9,621
Social Security Costs	697	607
Other Pension Costs	1,532	2,149
Severance Costs	132	34
	13,032	12,411

(b) The average monthly number of employees comprised:

	2002-03	2001-02
	Number	Number
Collection & Preservation	104	100
Research	29	28
Exhibition & Education	31	28
Support	325	317
Fund Raising & Publicity	23	21
Management & Administration	41	41
	553	535

(c) Senior staff

The Museum's senior staff are not Company Directors within the meaning of the Companies Acts, to which the "Greenbury Code" on disclosure of remuneration etc, is addressed. The Museum's senior staff have signed standard employment contracts which do not provide for publication of private information on their remuneration etc. Furthermore, all Museum employees have statutory rights to privacy under the Data Protection Acts and Human Rights legislation. Consequently, the senior staff have withheld their consent to publication of their private details, as allowed by HM Treasury's instruction DAO (GEN) 12/00.

The Museum believes that the following information gives a thorough understanding of senior staff details.

Senior Management Team

Ms Anna Southall, the Director General, was employed on a 5-year fixed term contract, which expired on 1 November 2002. The Director General's emoluments consisted of: a basic salary of £35,055, (£66,263 in 2001-02); a bonus payment of £7,702 (£4,182 in 2001-02) and pension contributions of £5,889 (£9,741 in 2001-02), bringing the total package to £48,646 (£80,186 in 2001-02). The Director General is an ordinary member of the pension scheme.

Other than the Director General the following employees filled Executive i.e. the most senior management posts in the Senior Management team during 2002-03:

Dr Eurwyn Wiliam, Deputy Director General, (and Acting Director General Nov 02 to Apr 03)

Mr John Williams-Davies, Director; Museum of Welsh Life

Mr Mike Tooby, Director; National Museum & Gallery

Mr Mark Richards, Director; Corporate Services

Mr Robin Gwyn, Director; Strategic Communications

Mr Jonathan Sheppard (From Nov 02), Director; Finance and IT

The remuneration of Senior Management post holders, excluding the Director General, was as follows:

Remuneration Range Number

£20,000 - £29,999 1

£40,000 - £49,999 1

£50,000 - £59,999 3

£60,000 - £69,999 1

The pension arrangements for the above persons were the same as for other Museum employees, who participated in the Museum's occupational pension scheme, as described in Note 17 to the accounts.

(d) Council Members

Council members do not receive any emoluments. The total amount of travel, subsistence and hospitality expended by the Museum for its committee members was £23,000 (£17,000 in 2001-02). A total of 11 council members were reimbursed expenses.

8. Share of Joint Venture

The Museum holds a 50% share in 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:

	2003	2002
	£'000	£'000
Fixed Assets	1,409	434
Current Assets	575	374
Current Liabilities	(361)	(305)
Net Assets	1,623	503

The Museum made transfer grant payments to NWMS Ltd of:

	Note	2003	2002
		£'000	£'000
From the National Assembly for Wales	2	540	822
From Receipts held from the sale of WIMM	20	1,801	138
Total Grant Transfer	6	2,341	960

9. Tangible Fixed Assets

	Freehold Land & Buildings	Leasehold Properties	Plant & Vehicles	Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April	14,539	47,096	493	2,148	64,276
Additions in Year	4,482	20	14	210	4,726
Revaluation	3,061	7,581	16	40	10,698
At 31 March	22,082	54,697	523	2,398	79,700
Depreciation					
At 1 April	204	380	319	1,146	2,049
Charge for the Year	290	380	51	455	1,176
Revaluation	80	122	11	29	242
At 31 March	574	882	381	1,630	3,467
Net Book Value					
At 1 April 2002	14,335	46,716	174	1,002	62,227
At 31 March 2003	21,508	53,815	142	768	76,233

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.

10. Heritage Assets

Heritage Assets acquired in year comprise:

	Art	Historic Buildings	Other	Total
	£'000	£'000	£'000	£'000
"Elephant" by David Jones	13	-	-	13
"Landscape Near Pencerrig" by T. Jones	36	-	-	36
"From Willesden Green, Autumn" by Leon Kossoff	134	-	-	134
"Untitled (History)" by Rachel Whiteread	120	-	-	120
"Landscape with Arched Gateway" by Adam Pynacker	159	-	-	159
"Turandot" by Kevin Sinnot	12	-	-	12
Pair of Victorian Silver Candlesticks	-	-	6	6
Communion Cup and Cover in silver	-	-	10	10
Oak Hall Chair, Awn Pugin	-	-	31	31
Women in 17th -century Dress	-	-	10	10
Early Bronze Age Halberd Blade	-	-	5	5
Fron Haul Cottages	-	7	-	7
Llandeilo Talybont Church	-	33	-	33
Italian Garden	-	187	-	187
Nant Wallter	-	7	-	7
Cae Adda Cowshed	-	20	-	20
Total Additions in Year	474	254	62	790
At 1 April 2002	2,911	305	32	3,248
At 31 March 2003	3,385	559	94	4,038

11. Fixed Asset Investments

	NMGW		Consolidated	
	2002-03	2001-02	2002-03	2001-02
	£'000	£'000	£'000	£'000
At 1 April	1,711	1,708	1,711	1,708
Net Gain/(Loss) on Revaluation	(493)	3	(493)	3
Market Value at 31 March	1,218	1,711	1,218	1,711

The historic cost of investments at 31 March 2003 was £951,000 (£951,000 at 31 March 2002). The portfolio consists of Collective Investments (Unit Trusts) authorised by the Securities and Investments Board.

12. Stock

	NMGW		Consolidated	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Shop Goods for Sale	269	269	305	304
Publications stock held separately	190	169	190	169
	459	438	495	473

13. Debtors

	NMGW		Consolidated	
	Restated		Restated	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Amounts falling due within 12 months:				
Trade Debtors	221	141	221	141
Less Provision for Bad and Doubtful Debt	(1)	0	(1)	0
Sale of Welsh Industrial & Maritime Museum	2,061	1,363	2,061	1,363
Other Debtors	1,001	995	1,001	995
Prepayments	117	85	117	85
	3,399	2,584	3,399	2,584
Amounts falling due after 12 months:				
Sale of Welsh Industrial & Maritime Museum	0	2,500	0	2,500
	3,399	5,084	3,399	5,084

The comparative figures for last year have been re-presented. There is no change to the overall debtor figure for last year.

The balance of sale proceeds from the Welsh Industrial & Maritime Museum held by the National Assembly for Wales on behalf of the Museum at 31 March 2003 was £2,061,000 (£3,862,500 at 31 March 2002). The Museum anticipates drawing down the remaining balance of £2,061,000 within the next 12 months (£1,801,000 was drawn down in 2002-03) to help finance the development/construction costs of the new National Waterfront Museum, Swansea.

14. Current Asset Investments

The funds held in a 14-day notice account were transferred during the year into a high interest account which requires no notice for withdrawal of funds.

15. Creditors

	NMGW		Consolidated	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade Creditors	758	649	758	649
Amount due to subsidiary	16	11	0	0
Other Creditors and Accruals	486	849	486	849
	1,260	1,509	1,244	1,498

16. Provisions for Liabilities and Charges

	NMGW		Consolidated	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Severance Scheme				
Balance at 1 April	83	167	83	167
Amount transferred to SOFA	(83)	(84)	(83)	(84)
Balance at 31 March	0	83	0	83

17. Pension Costs

The Museum operates a defined benefits scheme. A full actuarial valuation was carried out at 1 April 2001 and updated to 31 March 2003 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	At 31 March	At 31 March
	2003	2002
Rate of increase in salaries	4.0%	4.5%
Rate of increase in deferred pensions	2.5%	3.0%
Rate of increase in pensions in payment	2.5%	3.0%
Discount Rate	5.5%	6.0%
Inflation Assumption	2.5%	3.0%

The assets in the scheme and the expected rate of return were:

	At 31 March		At 31 March	
	2003		Restated 2002	
		£'000		£'000
Equities	7.50%	23,196	7.50%	28,561
Fixed Gilts	4.75%	948	5.25%	1,301
Index Linked Gilts	4.75%	7,104	5.25%	8,817
Other	4.75%	334	4.00%	294
Total market value of assets		31,582		38,973
Actuarial value of liability		(47,813)		(41,834)
Recoverable deficit in the scheme		(16,231)		(2,861)
Related deferred tax asset /(liability)		0		0
Net pension liability		(16,231)		(2,861)

The comparative figures for last year have been restated to provide a more detailed analysis of assets. There is no change to the overall figure for last year.

If the above pension assets were recognised in the financial statements under FRS17, the Museum's net assets and funds would be as follows:

	At 31 March		At 31 March	
	2003		2002	
		£'000		£'000
Net Assets excluding pension liability		86,755		72,478
Pension liability		(16,231)		(2,861)
Net assets including pension liability		70,524		69,617

Using information supplied by the actuary, the Museum made a one-off contribution of £1,000,000 to the fund in 2001-02 and increased its contribution rate from 14.7% to 16.8%, with effect from 1 April 2002.

The pension contributions for 2002-03 were as follows:

	2002-03	2001-02
	£'000	£'000
In 2002-03 pension costs charged against income consisted of:		
Superannuation	1,449	1,066
One-off capital injection from the Assembly (see above)	0	1,000
Severance Scheme (note (a) below)	83	83
	1,532	2,149

(a) The future cost of funding enhanced pensions resulting from an early severance scheme in 1994-95 is now nil.

Analysis of the amount chargeable to operating costs:

	Year to 31 March 2003
	£'000
Service Cost	1,520
Past Service Costs	0
Total Operating Charge	1,520

Analysis of net return on pension scheme:

	Year to 31 March 2003
	£'000
Expected return on pension scheme assets	2,711
Interest on pension liabilities	(2,531)
Net return	180

Analysis of amount that would be recognised in the consolidated statement of financial activities under FRS17:

	Year to 31 March 2003	Percentage of	Percentage of
		Scheme Assets	Scheme Liabilities
	£'000		
Actual return less expected return on assets	(10,853)	34.4%	
Experience gains and losses on liabilities	(1,865)		3.9%
Changes in assumptions	(890)		
Actuarial gain/(loss)	(13,608)		28.5%
Adjustment due to surplus cap	0		
Net gain/(loss) recognised	(13,608)		

Movement in deficit during the year:

	Year to 31 March 2003
	£'000
Deficit in scheme at beginning of year	(2,861)
Movement in year:	
Current service cost	(1,520)
Contributions paid	1,578
Net return on assets/(interest cost)	180
Actuarial gain/(loss)	(13,608)
Deficit in scheme at end of year	(16,231)

18. Statement of Funds

(a) Total Funds

	1 April 2002	Incoming Resources	Resources Expended	Other Movements	31 March 2003
	£'000	£'000	£'000	£'000	£'000
Public Funds					
Restricted - Capital	66,273	5,717	(3,591)	10,331	78,730
Restricted - Specimens	3,539	1,103	(422)	0	4,220
Total Restricted	69,812	6,820	(4,013)	10,331	82,950
Unrestricted	179	17,937	(17,100)	0	1,016
Total Public Funds	69,991	24,757	(21,113)	10,331	83,966
Private Funds					
Restricted	2,210	571	(60)	(315)	2,406
Unrestricted	277	189	(30)	(53)	383
Total Private Funds	2,487	760	(90)	(368)	2,789
Total	72,478	25,517	(21,203)	9,963	86,755

Unrestricted Public Funds attributable to the Museum's own activities at 31 March 2003 was £964,000, with £52,000 attributable to NMGW Enterprises Ltd.

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

	2003	2002
	£'000	£'000
Freehold Land and Buildings	21,046	14,335
Leasehold Properties	53,374	46,335
Plant and Vehicles	142	174
Fixtures, Fittings and Equipment	770	<u>1,002</u>
Total Tangible Assets	75,332	61,846
Share of Joint Venture	1,623	503
Debtors	2,475	4,076
Cash at Bank and in Hand	(141)	3
Creditors	(559)	<u>(155)</u>
	78,730	66,273

(c) The total private funds is represented by

	2003	2002
	£'000	£'000
Tangible Assets	900	381
Heritage Assets	206	0
Fixed Asset Investment	1,218	1,711
Debtors	12	0
Current Asset Investments	0	132
Cash at Bank and in hand	457	267
Creditors	(4)	(4)
	2,789	2,487

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

	2002-03	2001-02
	£'000	£'000
Net incoming resources for the financial year	4,314	4,111
Donated Assets	(22)	(2,665)
Share of Joint Venture	(1,120)	(503)
Depreciation	1,176	1,020
Increase in Stocks	(23)	(36)
Increase in Debtors	(115)	(594)
Increase/(Decrease) in Creditors	(659)	310
Decrease in Provisions	(83)	(84)
Net Cash Inflow from Operating Activities	3,468	1,559

20. Capital Expenditure and Financial Investment

	2002-03	2001-02
	£'000	£'000
Payments to Acquire Tangible Fixed Assets	(5,089)	(2,139)
Release of receipts from the sale of WIMM	1,801	338
	(3,288)	(1,801)

21. Movement in Liquid Resources

	2002-03	2001-02
	£'000	£'000
Short Term Investments at 1 April	132	250
Cash at 1 April	681	805
Net Funds at 1 April	813	1,055
Net Cash Inflow/(Outflow)	312	(124)
Net Movements in Short Term Investments	(132)	(118)
Net Funds at 31 March	993	813
(Comprising Short Term Investment of nil and cash of £993,000)		

22. Movements in Cash

	2002-03	2001-02
	£'000	£'000
Net Cash at 1 April	681	805
Net Cash Inflow/(Outflow)	312	(124)
Net Cash at 31 March	993	681

23. Capital Commitments

	2002-03	2001-02
	£'000	£'000
At the balance sheet date there were capital commitments of	2,667	13

These commitments relate to the major capital works at the Big Pit: National Mining Museum and Museum of the Welsh Woollen Industry sites.

24. 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.

25. 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, and a specific grant for the development of the National Waterfront Museum, Swansea.

The Museum made grant payments to the National Waterfront Museum Swansea Ltd (in which it holds a 50% share) from the specific grant from the National Assembly for Wales and also from receipts held from the sale of WIMM.

During the year the Museum has had various material transactions with other entities for which the National Assembly for Wales is the sponsor; namely:

Wales Tourist Board

Countryside Council for Wales

CADW

The Museum paid £9,000 to the University of Glamorgan, £19,200 to Cardiff University and received income of £1,100 from Techniquest in 2002-03. Mr R.G. Thomas, Vice President (until Oct 02), is a member of Council at the University of Glamorgan and Cardiff University and a Board member of Techniquest.

The Museum paid £5,000 to the Council of Museums in Wales in 2002-03. Dr E. Wiliam, Deputy Director General, is a Board member of the Council of Museums in Wales.