

AMGUEDDFA CYMRU –  
NATIONAL MUSEUM WALES

FINANCIAL REPORT

2017/18

# Financial Report of the Board of Trustees of the National Museum of Wales

## SECTION 1: PERFORMANCE

### Section 1.1 Overview of Performance

#### Achievements during the year

2017/18 was a record breaking year for visitors to Amgueddfa Cymru's seven national museums, with 1,776,572 visitors, surpassing the previous record figure of 1,745,315 in 2012/13. This was an increase of 226,969, almost 15%, on the 2016/17 figures.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Visits	1,745,315	1,629,196	1,685,954	1,674,807	1,549,603	1,776,572

Since the introduction of the free entry policy by the Welsh Government in 2001/02 – a pioneering move to promote access for all to Wales's culture and history – there has been a 96% increase in visitor figures to national museums in Wales.

2017/18 was also an exceptional year for exhibitions, especially at National Museum Cardiff, which hosted *Dinosaur Babies*, a charging exhibition, which attracted over 50,000 visitors; *Who Decides?*, an exhibition of contemporary art curated by homeless people supported by homelessness charity The Wallich and our staff; the spectacular contemporary art exhibition *From Bacon to Doig*; and *Agatha Christie*. We also opened a new permanent Photography Gallery at National Museum Cardiff. Enhanced by a wonderful gift by Wales's most significant living photographer, David Hurn, Amgueddfa Cymru now has one of the best photography collections in the UK.

We remain the leading provider of learning outside the classroom in Wales, welcoming over 180,000 school pupils and students annually to our museums and over 400,000 informal learners.

We recruited four new mining apprentices at Big Pit during the year, including our first female guide at the site, supported craft apprenticeships at St Fagans and appointed a blacksmith at the National Slate Museum. We have also been successful in renewing the Investing in Volunteers (IiV) Award across all of our museums.

We are nearing completion of the major redevelopment of St Fagans National Museum of History, a £30m project supported by Heritage Lottery Fund (HLF) funding of £13m – the largest grant ever awarded by the HLF in Wales – and Welsh Government funding of £6.9m. The Main Building and Gweithdy opened this year and have been well received by the public. 12,000 school pupils enjoyed the brand new activity spaces in the Weston Centre for Learning in the first three months of opening.

Many museum professionals and funders regard this as the most exciting museum project in the UK at present, and it is generating interest on a local, national and international scale. It will create a unique learning environment at St Fagans, presenting the histories of the people of Wales in a totally new way. For the first time anywhere, national collections

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

## Financial Results for the Year

	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
Total income	36,623,000	33,580,000
Total expenditure	(30,072,000)	(31,155,000)
Other movements	(88,000)	268,000
<b>Consolidated net income</b>	<b>6,463,000</b>	<b>2,693,000</b>
<b>Net movement in funds (after all realised and unrealised gains and losses)</b>	<b>11,486,000</b>	<b>(8,625,000)</b>
<b>Total fund balances held in unrestricted and restricted public and private reserves at year end</b>	<b>116,753,000</b>	<b>105,267,000</b>
<b>Fund balances held for unrestricted public purposes at year end</b>	<b>7,320,000</b>	<b>4,222,000</b>

The increase in total income for the year is due to increased Grant-in-Aid funding from Welsh Government for essential capital maintenance works, and increases in commercial, fundraising and other income reflecting a greater emphasis on income generation, in line with our Strategic and Operational plans. The decrease in total expenditure reflects reduced staff costs due to the previous year expenditure including a high level of severance costs and the buy-out of premium payments. Consolidated net income for 2017/18 was therefore significantly higher than in 2016/17.

The principal activities of our trading company, NMGW Enterprises Ltd, for the year were sales at our retail shops, contract and in-house catering, car parking, image licensing, corporate hire, lettings and filming rights. The company reported a profit before Gift Aid to Amgueddfa Cymru of £644,000 for 2017/18, following a poor year in 2016/17 (profit before Gift Aid of £317,000). The increase reflects increased visitor figures across all sites, especially at St Fagans where the new restaurant and gift shop opened as part of the redevelopment project.

Total Funds at 31 March 2018 were £116,753,000, with an analysis provided in note 19 to the accounts. Unrestricted Public Funds were £7,320,000, which is allocated to various plans and future commitments including forecast budget deficits over the coming five years and repayments of Welsh Government Invest-to-Save loans.

## Aims and Objectives

During 2017/18, we continued to implement our Vision: to be an organization that is **Inspiring people, Changing lives**. This Vision reflects an aspiration to root our work in Welsh cultural and intellectual traditions and to develop a new paradigm for national museums across the world.

Our priorities, expressed as Commitments in our Vision Map, were informed by consultation with the public in Wales, as well as our Board of Trustees, members of staff and volunteers together with public and third sector partners. During the year we simplified the Vision Commitments, which are now in four key areas:

<b><i>Prosper</i></b>	<ul style="list-style-type: none"> <li>• Acting as stewards of our cultural and natural heritage for the future generations of Wales</li> <li>• Thriving, sustaining and diversifying our resources</li> <li>• Building our cultural tourism offer</li> </ul>
<b><i>Experience</i></b>	<ul style="list-style-type: none"> <li>• Building and maintaining welcoming physical and digital spaces</li> <li>• Telling inspiring stories through exhibitions and events</li> </ul>
<b><i>Learn</i></b>	<ul style="list-style-type: none"> <li>• Developing the skills of our staff and the people who use our services</li> <li>• Promoting public understanding of health and well-being</li> <li>• Promoting and delivering learning for life</li> </ul>
<b><i>Participate</i></b>	<ul style="list-style-type: none"> <li>• Building sustainable, effective partnership networks and collaborations</li> <li>• Involving people and communities in shaping and taking part in our work</li> </ul>

Our Vision is well aligned to the national goals set out in the Well-being of Future Generations (Wales) Act 2015, having been originally developed within this framework, and to other Welsh Government strategies. The Vision Commitments and objectives are mapped to the seven well-being goals set out in the Act, as explained in our Well-being Statement which is available on our website at <https://museum.wales/well-being-statement/>.

## **Statutory Background and Stakeholder Engagement**

The National Museum of Wales was established by Royal Charter in 1907 and continues to be registered as a legal entity and charity under this name (Royal Charter No. RC000369, Charity No. 525774, VAT No. GB 783 4541 10). The current public-facing title of the organization is Amgueddfa Cymru – National Museum Wales, or simply Amgueddfa Cymru.

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

Our core objective, set out in the Royal Charter, is ‘the advancement of the education of the public’ involving developing, caring for, studying and sustaining access to its collections for the benefit of society in perpetuity. The Charter (1907, revised 1991 and 2006) states that this is to be achieved:

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

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

## **Amgueddfa Cymru's locations**

During 2017/18 we directly operated seven museums across Wales:

### **National Museum Cardiff, Cathays Park, Cardiff**

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

### **St Fagans National Museum of History, St Fagans, Cardiff**

One of Europe's leading open-air museums, St Fagans is part of our group of five social and industrial history museums. Visitors can explore and enjoy over 2,000 years of history in over forty re-erected period buildings that have been collected from all over Wales.

### **Big Pit National Coal Museum, Blaenafon, Torfaen**

Set in the heart of the World Heritage Site at Blaenafon, Big Pit is a complete former working coalmine. Guided by ex-miners, visitors can descend over 90 metres to the very depths of the mine and experience the darkness that the miners worked in day after day.

### **The National Roman Legion Museum, Caerleon, Newport**

The National Roman Legion Museum has been displaying a rich collection of Roman finds for over 150 years. These include sculptures, inscriptions, tombstones, building materials, a labyrinth mosaic, military equipment, pottery, glass and jewellery.

### **The National Slate Museum, Llanberis, Gwynedd**

Here, the story of slate unfolds in the original Dinorwig quarry workshops. As well as the foundry, forges, sheds and the largest working waterwheel on mainland Britain, visitors can see skilled craftsmen give live displays of splitting and dressing slate by hand.

### **The National Wool Museum, Dre-fach Felindre, Carmarthenshire**

Located in the heart of the west Wales countryside, this museum tells the story of the forty mills once clustered around Dre-fach Felindre. Cambrian Mills – the only mill that has remained in continuous operation since it was built – now houses the Museum.

### **The National Waterfront Museum, Maritime Quarter, Swansea**

In the heart of Swansea's regenerated Maritime Quarter, the National Waterfront Museum is housed in a listed waterfront warehouse linked to a new, ultra-modern slate and glass building. The opening of the Museum in October 2005 was the culmination of a ten-year strategy that saw £40m of investment in our five social and industrial museums across Wales.

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

## Section 1.2 Performance Analysis

### Performance Indicators

We remain committed to the monitoring and evaluation of our work in both quantitative and qualitative ways. While our quantitative performance indicators provide a snapshot of performance, qualitative data from case studies and narrative reports continue to provide more detailed insight, and an opportunity for reflecting on and enriching our work.

The performance measures within our evaluative framework and the targets we set for 2018/19 onwards, a period in which there will be continuing significant financial restrictions, will continue to focus on consolidating our achievements to date while also looking to ensure better outcomes for the people of Wales through the delivery of our long-term Vision.

The out-turns for our key performance indicators during 2017/18 are shown in the following table:

Vision Map Key Objective	Key Performance Indicator	2016/17 out-turn	Annual Target	2017/18 out-turn
<b>Making a difference to Wales</b>	Number of visits	1,549,603	1,800,000	1,776,572
<b>Digital Experience</b>	Number of website visits	1,439,854	1,600,000	1,593,453
<b>Learning &amp; Creativity</b>	Number of formal education visits	182,641	180,000	187,249
	Number of informal education visits	389,195	240,000	420,995
<b>Financial Performance and Governance</b>	Total net income from research and charging, trading company profits and recharges, and revenue fundraising	£857,000	£1,000,000	£1,250,000

As reported earlier, the total number of visits made to our museums during 2017/18 increased by nearly 15% to 1,776,572 against an ambitious target of 1.8 million set by Welsh Government. This was despite facing some major challenges towards the end of the financial year, when snowfall forced the closure of the majority of sites. The number of visits to our website during the same period was 1,593,435, within 0.5% of the target set and a significant increase on the previous year.

Our work on serving the formal education sector continued to attract significant numbers of visits with 187,249 formal education visits, exceeding the target of 180,000. The number of informal education visits, which encompasses the number of 'added-value' learning visits

to our sites and the number of participants on off-site learning activities, was 420,995 well-exceeding the target of 240,000 and also the number achieved in 2016/17.

We exceeded the target for total net income from research and charging, trading company profits, and revenue fundraising. The overall increase was 46%, with all areas increasing income compared with the previous year, in particular the trading company following a challenging year in 2016/17. This continues to be a significant area of development for us, in order to balance our budget year-on-year.

## **Capital Investment**

To underpin the delivery of the Vision, a programme of capital works continues, focusing in 2017/18 on progressing the redevelopment of St Fagans National Museum of History, and on starting a four year essential maintenance works plan funded by additional Welsh Government grant-in-aid.

Other projects in the capital plan included re-wiring at the Castle in St Fagans, replacement of suspension gear at Big Pit and upgrading IT equipment and software. A High Ropes course was constructed at St Fagans, one of several income generation initiatives funded by Welsh Government grants and loans.

## **Working in Partnership**

In 2017/18 we continued to work with partners throughout Wales and beyond to show the national collections in a variety of venues including museums, galleries, visitor centres and heritage sites, and to share skills and expertise across the sector.

Our relationship with Pembrokeshire Coast National Park Authority at Oriel y Parc has continued to develop. From April to September 2017 we celebrated the Year of Legends with *Enchanted Landscapes: Pembrokeshire in Myth and Legend*, linking the national collections to fantastical local stories such as the infamous pirate Barti Ddu (Black Bart Roberts), King Arthur and supernatural connections in the prehistoric landscape. From September 2017 to January 2018, we extended the partnership to work with the Sidney Nolan Trust for *Sidney Nolan and Graham Sutherland: A Sense of Place*, bringing together art works inspired by a sense of place in the Welsh landscape by these two artists for the first time.

Our partnership work with National Library of Wales, the RCAHMW, Cadw and the People's Collections Wales for Y Lle Hanes at the National Eisteddfod, Anglesey in August 2017, brought together objects and stories from the national collections on the Maes looking at the history of the area. Objects and stories from *Wallace: The Forgotten Evolutionist* were also presented at the Old College, Aberystwyth from January to April 2018.

International partnership work remains a priority and we are currently collaborating with White International on a touring exhibition in Japan. Historic works of art from our collection visited five venues from April 2017 to January 2018 and will return to Wales in June 2018, following a sixth and final exhibition. The touring exhibition *France and Britain: Art for a new age 1817-1917* also reflects the global reputation of the art collections of Amgueddfa Cymru.



## **Specimen Acquisition**

Our collections lie at the heart of our service to the public, and it is essential that they should continue to develop so as to safeguard our heritage and reflect the changing needs of Wales. The amount of our Welsh Government Specimen Acquisition Grant has declined significantly in recent years but we continue to use it to lever in additional funding and have received generous help in 2017/18 from long-term supporters, especially the Derek Williams Trust, the Art Fund, the Contemporary Art Society for Wales, the Knapping Fund and private donors.

Significant purchases and donations in 2017/18 included several art works, archaeological finds and natural science specimens.

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

## **Research Activity**

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

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

## **Learning and Engagement**

We are the leading provider of learning outside the classroom in Wales. We welcomed 187,249 school children and students to our museums in 2017/18, and 420,995 informal learners engaged with us. We are one of Wales's biggest providers of informal family learning.

With the new curriculum for Wales in development, we have reviewed our current formal learning offer. New sessions developed include STEM live events, input into a Welsh history festival and creative performances. Our adult learning offer saw the launch of Ar Lafar, a festival for Welsh language learners developed with the National Centre for Learning Welsh, at St Fagans, the National Slate Museum and the National Waterfront Museum.

We are a leading partner and provider in the Welsh Government programme Fusion: Creating Opportunities through Culture. We deliver strategic programmes to support employability, early years and family learning, education, and health and well-being. In 2017/18 these included working closely with local partners at St Fagans and National Museum Cardiff to deliver Family Fun Days with Flying Start groups; hosting Gwynedd's Family Learning Signature Fun Day at the National Slate Museum; and offering a range of accredited courses, in support of employability, across our museums.

In partnership with the Wallich, a Welsh charity which supports homeless people, we launched 'Who Decides?' an exhibition of contemporary art from our collections. The exhibition was curated by homeless people supported by our staff, producing real benefits to the health and well-being of participants. We were also one of twelve organizations across the UK to be successful in obtaining HLF funding for the development phase of Kick the Dust, a five-year programme to increase youth engagement in heritage.

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

## **Exhibitions**

We are the leading producer of cultural, heritage and natural science exhibitions in Wales. We work with our communities, partners and stakeholders across our museums to generate exhibitions and displays that appeal to all our visitors. In 2017/18 we delivered thirty-four exhibitions across all our museums, including our partnership venue Oriel y Parc. Exhibitions included *Dinosaur Babies*, a charging exhibition, which attracted over 50,000 visitors; *Who Decides?*, an exhibition of contemporary art curated by homeless people supported by homelessness charity The Wallich and our staff; the spectacular contemporary art exhibition *From Bacon to Doig*; and *Agatha Christie*.

We are also delivering a major programme of exhibitions, publications and events to commemorate the First World War from 2014 to 2018. Details of other highlights from the 2017/18 temporary exhibition programme can be found in our separately published Annual Review, which will be available later in the year.

## **Fundraising**

2017/18 was a very successful year for fundraising with donations income of £1.9m received during the year, along with £192,000 in new pledges, and a number of government grants secured.

£960,000 was raised for the St Fagans capital fundraising appeal, with a number of major donations secured during the year including gifts from the Garfield Weston Foundation, The Foyle Foundation, the Moondance Foundation and the Plymouth Family. The Garfield Weston Foundation named the new Weston Centre for Learning at St Fagans whilst the Foyle Foundation named the new "Life is..." gallery and the Moondance Foundation named the new "Wales is..." gallery, both of which will open in October 2018.

Other gifts for St Fagans were received from the Tudor Prichard Foundation, the Charles Hayward Foundation and the Hobson Charity. Following a fundraising dinner in October 2017 a large number of individual donations were received totalling £188,000.

Elsewhere, we secured increased investment from players of People's Postcode Lottery for our core work, the Paul Hamlyn Foundation funded a project through their More and Better scheme to encourage and facilitate increased collaboration across our museums, and the Visit Wales Regional Tourism Engagement Fund provided us with a grant to assist with promoting our summer blockbuster exhibition *Dinosaur Babies* at National Museum Cardiff.

2017/18 was a special year for our partnership with the Derek Williams Trust who have supported our work with art collections for over 25 years. Meanwhile, the Colwinston

Charitable Trust, who have been integral to our success for decades, contributed to the Gillian Ayres and Agatha Christie exhibitions.

This was the second year of a partnership with the wealth management company Brewin Dolphin who are the sponsors of our Patrons scheme. Through this partnership we have held several successful events and also secured new Patrons. We look forward to continuing this relationship in 2018/19. Other company sponsorship was received from Westco, Plymouth Estates, SRK Consulting, Western Power Distribution, Sony, Daiwa Anglo Foundation, Toshiba Foundation and GB Sasakawa Foundation.

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

During the year, our fundraising was undertaken by our in-house Development Department and we did not contract out any fundraising activities to third party agencies or undertake any direct marketing activity. Throughout the year we were members of the Fundraising Regulator and we abided by the code of fundraising practice as set out by the Regulator. We did not receive any complaints in respect of our fundraising activities.

## **Volunteers**

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

- As ambassadors for our work, providing a programme of talks, trips and other activities that complement our own educational activity.
- By providing a volunteer group to support our own activities. Friends meet and greet groups and individuals, such as Friends groups from other museums and interested casual visitors, and also assist curatorial staff across the spectrum of our work. It is important to note that such activity is regarded as valuable additionality.
- By providing financial support for a number of projects, including the redevelopment of St Fagans and sponsorship of the organ recitals at National Museum Cardiff

Our Volunteer Co-ordinators worked with colleagues to enhance opportunities for volunteering across all our museums. As a result, we received 29,919 hours of input from volunteers during 2017/18. This includes contributions towards behind the scenes curatorial and preventative conservation work, tours, learning activities for the public and helping to maintain our gardens and farm.

We have developed our Event Volunteering programme which encourages our local community to volunteer a few hours here and there in support of our event programming and income generation, at two of our museums.

We have been successful in renewing the Investing in Volunteers (IiV) Award across all our museums this year.

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

## **Sustainability Report**

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

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

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

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

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

### **Performance**

Conserving the nation's treasures and opening our doors to over 1.7 million visitors a year uses a lot of energy. Our Energy Policy has been adopted as a major step towards improving energy efficiency, and to demonstrate our support for a reduction in greenhouse gas emissions. We participate in the CRC Energy Efficiency Scheme.

In 2017/18 there was a decrease in overall emissions by 6.9%. This was due to a change in government conversion factors for electricity, and consumption of both gas and electricity increased. There was a small increase in overall waste of 3.4%. Water consumption increased by 25.9% in 2017/18, mainly due to leaks at St Fagans, although this is still a 9.8% reduction compared with 2011/12.

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

<b>Greenhouse Gas Emissions</b>		<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
Non-financial indicators (tCO <sub>2</sub> )	Scope 1 (Direct) Emissions - gas	1,464	1,424	1,440	1,500	1,600
	Scope 2 (In-direct) Emissions – purchased electricity	2,116	2,424	2,749	3,047	3,464
	Scope 3 (Business travel) Emissions	26	27	24	37	45
	<b>Total</b>	<b>3,606</b>	<b>3,875</b>	<b>4,213</b>	<b>4,584</b>	<b>5,109</b>
Related energy consumption (kWh'000)	Gas	7,951	7,705	7,783	8,086	8,673
	Electricity	5,548	5,426	5,538	5,716	6,404
	<b>Total</b>	<b>13,499</b>	<b>13,131</b>	<b>13,321</b>	<b>13,802</b>	<b>15,077</b>
Financial indicators (£)	Gas	204,745	169,481	174,564	192,203	268,211
	Electricity	596,914	548,415	517,647	571,349	587,226
	CRC administration fee	1,290	1,290	1,290	1,290	1,290
	Official Business Travel	156,312	147,169	183,978	200,089	198,233
	<b>Total</b>	<b>959,261</b>	<b>877,479</b>	<b>877,479</b>	<b>964,931</b>	<b>1,054,960</b>
<b>Targets and Performance</b>						
<p>Our Environmental Statement sets a target to reduce CO<sub>2</sub> produced by energy and transportation usage by 2% per annum. In 2017/18 there was a decrease of 6.9%, expected as government conversion factors were reduced. The decrease since 2013/14 is 29.4%.</p> <p>Both gas and electricity consumption increased during the year, by 2.8% overall, due partly to a cold winter and partly the re-opening of parts of the St Fagans site and buildings which were closed during the redevelopment project. Consumption has decreased overall since 2013/14 by 10.5%. This has been achieved by various measures, including the installation of a combined heat and power unit at National Museum Cardiff in 2011/12, installation of solar panels at Big Pit and the Collections Centre in 2012/13, the installation of a new lighting and control system in the art galleries at National Museum Cardiff over the past four years and voltage Optimisation equipment installed at some sites in 2017/18.</p> <p>For a number of years we have encouraged sustainable travel modes for journeys to our sites by visitors and staff in various ways; for example the St Fagans redevelopment project includes a travel plan promoting sustainable travel for visitors and staff, and upgraded video conferencing equipment in 2011/12 reduced the number of journeys between sites for meetings. Car hire CO<sub>2</sub> has fallen by over 25% since 2013/14 due to a combination of fewer miles and more cars using diesel rather than petrol.</p>						

<b>Waste</b>		<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
Non-financial indicators (tonnes)	Hazardous waste	0.2	0.5	0.2	1.2	0.0
	Non-hazardous waste:					
	- Landfill	1,123.2	954.9	646.7	818.2	783.0
	- Reused/Recycled	1,773.2	1,853.2	1,953.6	1,968.8	2,099.2
	- Incinerated	41.6	33.4	28.1	19.7	24.7
	<b>Total waste</b>	<b>2,938.2</b>	<b>2,842.0</b>	<b>2,628.5</b>	<b>2,807.8</b>	<b>2,906.9</b>
Financial indicators (£)	<b>Total disposal cost</b>	<b>51,643</b>	<b>40,417</b>	<b>38,912</b>	<b>28,943</b>	<b>37,268</b>
<b>Targets and Performance</b>						
		<p>The Greening Government commitments target on waste is a 25% reduction in the total overall volume of waste from 2009/10 levels by 2015.</p> <p>We actively encourage the minimisation of waste through increased recycling and promotion of re-use and reduction across all our sites. The 47.7% increase in landfill waste in 2016/17 was due to a change in contractors for general waste at National Museum Cardiff, however we hope that non-biodegradable general waste will again be recycled once a new Energy from Waste plant is opened in Cardiff. The increase of 3.4% in overall waste in 2017/18 is due to ongoing works at St Fagans, and also an increase in visitor numbers at St Fagans due to the new buildings being opened during the year.</p>				

<b>Finite Resource Consumption</b>		<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
Non-financial indicators ('000m³)	<b>Total Water consumption</b>	<b>28,786</b>	<b>22,860</b>	<b>20,584</b>	<b>20,768</b>	<b>26,434</b>
Financial indicators (£)	<b>Total Water supply costs</b>	<b>89,705</b>	<b>67,506</b>	<b>64,923</b>	<b>79,437</b>	<b>74,915</b>
<b>Targets and Performance</b>						
		<p>Our Energy Policy sets a target to reduce water consumption by 5% per annum. In 2016/17 water consumption had fallen overall by 13.5% since 2013/14 and 28% in total since 2011/12.</p> <p>In 2017/18 there was an increase of 25.9% compared with the previous year, due mainly to leaks at St Fagans, which have been located and fixed during the year. Despite the problems encountered, water consumption in 2017/18 was 9.8% lower than in 2011/12.</p>				

## **Future Strategy**

In 2018/19 we will build on progress already achieved in reducing greenhouse gas emissions, waste and water consumption. The Sustainable Development Forum has agreed a target of a 1% reduction in energy usage at all sites in 2018/19, compared with 2017/18 usage. Plans include replacing humidifiers at National Museum Cardiff, reducing the use of disposable hot drinks cups and other single use plastics across all sites, and exploration of further energy saving works. Following participation of twelve members of staff in Carbon Literacy training at the start of 2018/19 we will roll this training out to other members of staff during the year.

## **Biodiversity**

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

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

## **Sustainable Procurement**

We have adopted a Sustainable Development Procurement Policy & Action Plan. This addresses the whole-life costs and impacts of products and services, and the evaluation of the environmental performance of our suppliers and contractors.

## **Governance**

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

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

Our sustainability practices, processes and achievements are subject to external assessment under BS8555 and under the Government's Carbon Reduction Commitment, and are also included in the overall framework of internal control, described in more detail in the Governance Statement, which can be found in this Financial Report.

## **Valuation of Fixed Assets**

Our accounting policy on the valuation of Fixed Assets requires property assets to be professionally revalued every five years. Other assets, including heritage assets and those under the broader headings of plant, vehicles or other fixtures and fittings, are not subject to this quinquennial revaluation exercise. The accounting policy also provides for those assets that have been professionally revalued to be adjusted by the use of indices in the intervening years between the quinquennial professional revaluations.

Property-related assets were last professionally revalued at 31 March 2016.

Heritage assets acquired before 1 April 2001 have not been capitalised, and heritage assets purchased or donated since that date have been recorded at cost or valuation. The Trustees do not consider that the considerable cost of valuation of such a large collection of heritage assets can be justified, on cost/benefit grounds, in obtaining what would be a valuation at one particular moment in time. In line with Financial Reporting Standard (FRS) 30 on heritage assets, disclosures are covered in note 11 to the accounts.

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

### **Prompt Payment Performance**

We subscribe to the objectives of the Better Payment practice code issued by HM Treasury and aim to pay valid invoices within thirty days of receipt. The average time taken for payment of invoices during 2017/18 was eight calendar days (five days in 2016/17), which includes 95.7% (by number) of invoices settled within 30 days (98% in 2016/17). There were no payments of interest under the Late Payment of Commercial Debts (Interest) Act 1998 (£Nil in 2016/17).

### **Policy on Reserves**

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

Our reserves policy remains dependent upon, and restricted by, the authority granted by the Welsh Government in our Framework Agreement, which at the financial year-end 2017/18 limited cash reserves to 2% of grant-in-aid, with exemptions from any limit in respect of the Specimen Purchase Grant and self-generated income. Further general and specific exemptions may be available upon application in respect of the National Waterfront Museum (to reflect the joint funding arrangement with the City & County of Swansea) and capital projects that straddle the financial year-end.

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

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

Despite the current difficulties surrounding public finances and the challenging economic environment for fundraising from private sources, we are determined to continue our plans, including capital developments and refurbishments, to deliver the Vision priorities. We are dependent on Welsh Government funding to sustain the majority of our activities. In response to reductions in our core revenue grant-in-aid over recent years, we have implemented a staff costs reduction programme and are implementing an income



generation plan. Our accounts have been prepared on a going concern basis and there are no material uncertainties about our ability to continue.

Total Funds at 31 March 2018 were £116,753,000; an analysis is provided in note 19 to the accounts. Unrestricted public funds, excluding the pension reserve, were £7,320,000, which has been allocated to various plans and future commitments.

## **Investment Policy and Performance**

Our Private Funds investments are actively managed by our advisors, Barclays. Our investment policy accepts short-term volatility in the pursuit of positive investment returns after the effects of inflation and acknowledges that the capital value may fluctuate significantly from time to time. In addition, a substantial element is retained in cash-based deposits to be readily available for investment in the capital programme. The performance of those funds is subject to review on a regular basis, with changes made to the portfolio as appropriate to the risk appetite. The value of the investment portfolio increased during the year from £2,823,000 to £2,845,000.

We also hold, from bequests, an equity investment in eleven blue chip companies. The value of this portfolio decreased during the year from £102,000 to £100,000.

The total value of investments held at 31 March 2018 was therefore £2,945,000.

## **Pension Liability**

We operate a defined benefit Pension Scheme that is available to all permanent employees. The Scheme is underpinned by a Crown Guarantee. In common with the vast majority of such schemes, recent annual valuations included on the balance sheet have shown a deficit of Scheme assets when compared to Scheme liabilities. Turbulence in the equity markets, allied to growing liabilities under the Scheme, due to many factors including increased longevity of the members, has seen many such Schemes come under pressure, with many closing in recent years.

The valuation shown on this year's balance sheet, as calculated under FRS102, shows an increase in the deficit of £4.8m from £32.6m to £37.4m, following a larger increase last year of £12.7m. While the value of the Scheme's assets has increased from £125.7m to £128.8m, the Scheme's obligations have also increased. Further details of how pension costs are accounted for are contained in the accounting policies note to the accounts, and the disclosure requirements contained in FRS102 are shown in note 18 to the accounts.

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

The next triennial actuarial valuation is due as at 31 March 2018 and the recovery plan will be reviewed and agreed once these results are available.

## **Welsh Language Policy**

We are committed to comply with the Welsh Language Standards, as set out by the Welsh Government under Section 44 of the Welsh Language (Wales) Measure 2011. These Standards set clear expectations on us to provide services in Welsh to the public, and to promote the use of the Welsh language. The standards set for Amgueddfa Cymru have been determined by the Welsh Language Commissioner. Our Compliance Notice and Amgueddfa Cymru's Welsh Language Policy, are available on our website [www.museum.wales/thewelshlanguage](http://www.museum.wales/thewelshlanguage). We will produce an annual report in July 2018 on our compliance with the Welsh Language Standards which will be published on our website.

During 2017/18 we continued to develop our public programme of Welsh-language events and activities and further developed our partnership with the National Centre for Learning Welsh, including establishing Al Lafar, our annual festival for Welsh learners. We continued our existing formal and informal programme of activities to support staff in using and improving their Welsh language skills, including registering with the Cymraeg Gwaith scheme. We established a methodology for assessing the Welsh language requirements of all advertised roles and increased our bilingual training offer for staff.

We have received one formal complaint during the year relating to our compliance with the Welsh language standards, which is currently under investigation.

*David Anderson*

Accounting Officer and Director General Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2018

*Laurie Pavelin*

Approved and signed on 12 July 2018

## **SECTION 2: ACCOUNTABILITY**

### **Section 2.1: CORPORATE GOVERNANCE REPORT**

#### **2.1.1 DIRECTORS' REPORT**

##### **BOARD OF TRUSTEES** (From 1 April 2017 onwards)

###### **PRESIDENT**

Elisabeth Elias, MA, DL \* # (retired 31 December 2017)

Dr Carol Bell \* # Acting President (from 1 January 2018)

###### **VICE PRESIDENT**

Dr Carol Bell \* #

###### **TREASURER**

Laurie Pavelin, CBE, FCA \* #

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

Prof. Tony Atkins, BSc, MA, Ph.D., Sc.D., FIMechE, FIMMM, C.Eng, FR.Eng \* (retired 31 March 2018)

Carys Howell

Jessica Seaton

Rachel Hughes, MBA FInstLM #

Michael Prior, BA Solicitor \*

Dr Catherine Duigan

Hywel John, FCA #

##### **APPOINTED BY THE NATIONAL MUSEUM OF WALES**

Dr Hywel Ceri Jones, CMG

Baroness Kay Andrews, OBE #

Keshav Singhal, FRCS, M.Ch. (retired 31 March 2018)

Victoria Provis, MBA

Prof. Robert Pickard, BSc, Ph.D, FRSB \*

Dr Glenda Jones, BA (Hons), Ph.D #

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

##### **INDEPENDENT MEMBERS OF THE AUDIT COMMITTEE**

Dr Eurfyl ap Gwilym (Chairman) (retired 31 May 2018)

Rheon Tomos, BA, IPFA

Sara Williams, LLB (Hons)

##### **DIRECTORATE** (From 1 April 2017 onwards)

Director General

Director of Collections & Research

Director of Gallery Development & Visitor Experience

Director of Finance & Corporate Resources

Director of Learning & Engagement

Director of Collections & Research – Joint

Director of Collections & Research – Joint

Acting Director of Operations

David Anderson

Steve Burrow (from 21 May 2018)

Janice Lane

Neil Wicks

Nia Williams

Diane Gwilt (to 31 May 2018)

Richard Bevins (to 31 May 2018)

Stephanos Mastoris (to 30 June 2017)

Neil Wicks is also Deputy Director General.

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

## **BOARD OF NMGW ENTERPRISES LTD. (From 1 April 2017 onwards)**

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

## **The Format of the Accounts**

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

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

## **Auditor**

The accounts are audited by the Auditor General for Wales in accordance with Section 9 (8) of the Museums & Galleries Act 1992. Details of auditors' remuneration for the year ending 31 March 2018 are contained in note 7 to the accounts.

## **Principal Office**

The principal office for the National Museum of Wales is National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

## **Principal Advisers**

Bankers:	Lloyds Bank PLC, Cardiff
Solicitors:	Geldards LLP, Cardiff
Internal Auditors:	RSM Assurance Services LLP, Cardiff
Investment Managers:	Barclays, Cardiff
Taxation:	Deloitte & Touche LLP, Cardiff
Pension Fund Administrators:	BBS Consultants and Actuaries Ltd, Bristol

## **2.1.2 STATEMENT OF THE BOARD OF TRUSTEES AND DIRECTOR GENERAL'S RESPONSIBILITIES**

Under section 9(4) of the Museums & Galleries Act 1992, the Board of Trustees of the National Museum of Wales is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Welsh Government, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Amgueddfa Cymru and of its net incoming resources, realised and unrealised gains and losses and cash flows for the financial year.

In preparing the accounts, the Trustees and the Director General are required to comply with the requirements of Charities Statement of Recommended Practice FRS102 and the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Welsh Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on the going concern basis.

The Principal Accounting Officer for the Welsh Government has designated the Director General as the Accounting Officer for the National Museum of Wales. The Director General's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for keeping of proper records, for safeguarding Amgueddfa Cymru's assets, and for the preparation of annual report and accounts that are fair, balanced and understandable, are set out in the Accounting Officers' Memorandum issued by the Treasury.

### **Statement of disclosure of information to auditors**

So far as the Director General and the Treasurer, on behalf of the Board of Trustees, are aware, there is no relevant audit information of which Amgueddfa Cymru's auditors are unaware, and they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that Amgueddfa Cymru's auditors are aware of that information.

## **2.1.3 ANNUAL GOVERNANCE STATEMENT**

### **1. Scope of Responsibility**

The Accounting Officer and Trustees have responsibility for maintaining a sound governance framework and system of internal control that support the achievement of the Amgueddfa Cymru policies, aims and Vision, as set by the Board of Trustees, while safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Welsh Public Money.

### **2. The Purpose of the Governance Framework**

The governance framework, incorporating the system of internal control, is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The governance framework is based on an ongoing process designed to identify and prioritize the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively and economically. The governance framework has been in place for the year ended 31 March 2018, and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. In support of the governance framework, we issue to Trustees a Corporate Governance & Standards Framework which sets out the authority and powers of the Board of Trustees and those powers that are delegated to Committees, directors and staff. We also operate fraud and whistleblowing policies which are subject to audit review.

### **3. The Governance Framework**

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

The following paragraphs summarize the governance framework, including the system of internal control, that has been in place during the year ended 31 March 2018. The framework is described to reflect the arrangements in place to meet the core principles of effective governance.

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

2017/18 has been the third year of our ten-year Vision of Inspiring people, Changing lives. Through this Vision our purpose is to: Inspire people through our museums and

collections to find a sense of well-being and identity, to discover, enjoy and learn bilingually and to understand Wales's place in the wider world.

Our Well-being Statement is available on our website, setting out how our Vision and Commitments contribute to the seven well-being goals laid out in the The Well-being of Future Generations (Wales) Act 2015 and how we are striving to deliver our outcomes through the five ways of working in the Act.

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

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

The Board of Trustees is responsible for governance, financial management and the assets of the organization. The Board of Trustees meets on a regular basis, in public, to conduct its business.

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

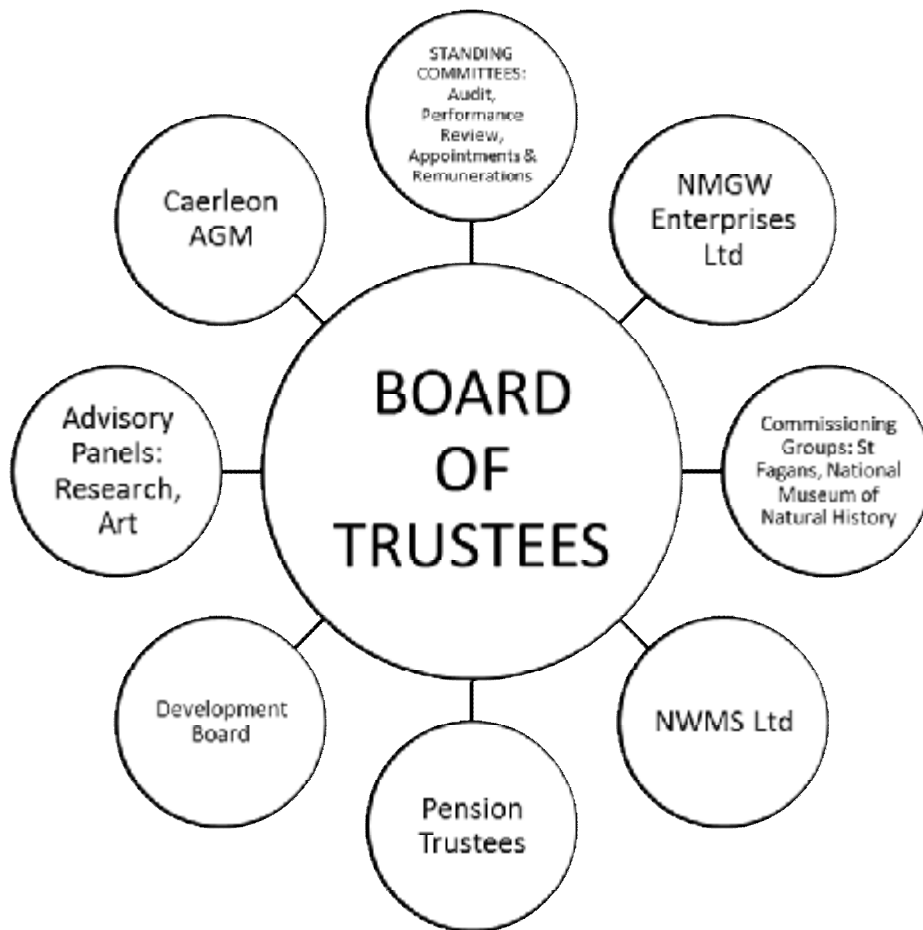
A schedule of Board of Trustee members throughout the year and up until the date of this report, including retirements and new appointments, is included in the Directors' Report at section 2.1.1 of the Financial Report. The schedule also indicates which Trustees are members of the Performance Review Committee and Audit Committee. The record of attendance at Board of Trustees meetings is shown below. Satisfactory explanations of all absences were received.

<b>Trustee</b>	<b>29/06/17</b>	<b>28/09/17</b>	<b>14/12/17</b>	<b>15/03/18</b>	<b>Number of meetings</b>	<b>Percentage attendance</b>
Elisabeth Elias				Retired 31/12/17	3	100%
Carol Bell				Apols	4	75%
Laurie Pavelin		Apols			4	75%
Glenda Jones				Apols	4	75%
Hywel Ceri Jones		Apols			4	75%
Jessica Seaton					4	100%
Kay Andrews			Apols		4	75%
Keshav Singhal		Apols	Apols		4	50%
Rachel Hughes				Apols	4	75%
Robert Pickard					4	100%
Tony Atkins		Apols			4	75%
Victoria Provis					4	100%
Michael Prior					4	100%
Catherin Duigan					4	100%
Hywel John					4	100%
Carys Howell		Apols			4	75%

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

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





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

Day-to-day operational issues are led and managed by the Senior Management Team, comprising the directors, the details of whom are also included in this report. All directors are employed under the standard Terms and Conditions of Employment, applicable to all staff, with the exception of the Director General whose terms of appointment are agreed with the Welsh Government.

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

We support Lord Nolan's seven principles for public life, and endorse the Museums Association Code of Ethics and strives to ensure that all employees and Trustees apply to these principles. All Trustees are expected to comply fully with our Code of Conduct, approved by the Board of Trustees.

All staff undertake corporate induction training, which provides information on a range of policies, procedures and regulations including those relating to financial control, health and safety, the Welsh language, equalities and information

management. The Financial Regulations, policies and procedures are available to all staff on our Intranet. We continue to invest time and resources to provide development and training opportunities (both formal and informal) for employees. We have a Performance Development Review process in place, which provides staff with a structured review of their personal objectives, their performance against those objectives and the opportunity to identify development needs and aspirations.

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

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

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

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

No matters were raised during the year under our Whistleblowing Policy. Our Whistleblowing and Fraud & Corruption policies will next be reviewed by the Audit Committee in May 2019, in line with the normal three-year review cycle.

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

In 2017/18 almost 1.8 million people visited the museums. We take the safety of staff and visitors seriously and have a series of policies and procedures in place to support this.

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

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

All decisions taken by the Board of Trustees are on the basis of reports and consideration of the legal and financial implications and key risks involved with the decision. Board meetings are held in public and minutes are published on our website to ensure transparency.

### 3.4.1 Risk Management

Risk Management on a day-to-day basis is the responsibility of directors and heads of department, with formal review and assessment of risks conducted regularly by the Risk Management Group. These reviews are scrutinised by the Performance Review Committee and the Audit Committee. By drawing on the experience of Internal Audit, who attend the Risk Management Group meetings, and by the experience of the independent members of the Audit Committee, the process is regularly refreshed.

The Risk Management Policy sets out the framework and roles and responsibilities in managing risk together with guidance on risk identification, assessment, monitoring and control. The Policy was established, with assistance from Internal Audit, with particular reference to HM Treasury's Orange Book on risk management and the Welsh Government's manual on risk management – Risk Essentials. The policy was last reviewed and confirmed during 2016/17.

A robust Risk Management review is conducted by a dedicated cross-departmental Risk Management Group who review the progress and effectiveness of controls of the major risks. A Strategic Risk Register is maintained by the Group with risks prioritised according to likelihood and potential impact. The group regularly reviews Divisional Risk Registers and engages with all directors and heads of department regarding changes in potential threats, ensuring that risk management is embedded throughout the organization. The identification and management of risks is also a standing item on the agendas of divisional meetings and Senior Management Team meetings. Separate Risk Registers are maintained for the trading subsidiary, the joint venture company, the Pension Scheme and for all major projects for their duration. At the end of a project, that project's Risk Register is assessed and all continuing risks are transferred to our main registers.

The group may also be requested to consider specific potential risks identified by the Board of Trustees and the Performance Review and Audit committees. Furthermore, the Performance Review and Audit committees review the Strategic Risk Register amendments and issues discussed at the Group's quarterly meetings, together with mitigating actions undertaken against the highest rated risks.

Membership of the Risk Management Group includes the Head of Internal Audit, which aids access to issues of concern in other bodies. The Internal Auditor's programme of work specifically cross-references to the risks identified and is also informed by the Directorate and Audit Committee.

During 2017/18 Internal Audit carried out a review of our Risk Management and Assurance Framework, concluding that we have 'a well-designed and embedded risk management process in place' and 'the Board can take substantial assurance that the controls upon which the organization relies to manage this area are suitably designed, consistently applied and operating effectively'. The Risk Management Group agreed a new risk register template in March 2017, and completed re-wording the risks on the Strategic Risk Register and transferring these to the new template in April 2017. The Divisional Risk Registers have also been transferred to the new template in 2017/18.

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

### **3.4.2 Information Security**

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

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

During the year we appointed an Information Security Manager, a new post for the organization.

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

Our Information Security policies and procedures were reviewed as part of the preparation for Cyber Essentials Plus/IASME certification.

We have continued to prepare for General Data Protection Regulations which came into force on 25 May 2018, including updating policies and procedures, staff training, completing a data discovery exercise to identify personal data held and implementation of a data breach log.

We reported one personal data incident to the Information Commissioner's Office (ICO) in 2017/18 relating to the transmission of remittance advices including individuals' bank account details to the incorrect recipients, due to a finance system error. We notified the people affected immediately and have updated system templates and procedures to ensure this will not happen again. The ICO have indicated that no further action will be necessary.

Our Electronic Document and Records Management System, called Stôr, provides storage for corporate, finance and IT documents and roll-out across more functions including Human Resources, Pension and Health & Safety is underway. Stôr provides:

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

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

The Trustees are appointed by the Welsh Government and Amgueddfa Cymru. A formal induction is provided to Trustees on appointment. Further training is provided as necessary throughout the year.

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

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

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

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

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

In line with our Community Engagement Strategy and the sustainability principle in the Well-being of Future Generations (Wales) Act 2015 we have developed and delivered public programmes in collaboration with over 70 public and third sector organizations. Examples this year include:

- § Delivering the Welsh Government Fusion Programme which aims to empower people, particularly people who are experiencing poverty, to take an active part in the arts, culture and heritage.
- § Developing and displaying *Who Decides?* a co-curated art exhibition with service users from the Wallich, a homeless charity in Wales.

- § Facilitating engagement forums including a Diversity Forum, a Teacher Forum, and an Adult Learning Forum to shape our public and volunteering programmes
- § Developing Hands on Heritage, an initiative with a Consortium made up of our youth forums and four core partner organizations
- § Facilitating Youth Forums at each of our museums, through which young people get involved in our work.

We are collaborating with a range of national bodies as part of our delivery against the goals in the Well-being of Future Generations (Wales) Act 2015.

Our Communications Strategy is designed to promote the organization, our Vision, objectives and priorities. Social networks, including Twitter and Facebook, are increasingly used to communicate with target audiences. Frequent press releases are issued to promote our activities and work.

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

We also work with our recognised trade unions and have this year developed a framework for our meetings. For example we support quarterly strategic meetings, monthly policy meetings and task and finish groups to ensure that we are effectively consulting with our recognised trade unions during the year. Union representatives continue to attend Staff Executive Committee for Human and Financial Resources.

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

#### **4. Review of Effectiveness**

The Director General, as the Accounting Officer, has responsibility for reviewing the effectiveness of the governance framework, including the system of internal control and whistleblowing arrangements. The review of the effectiveness of the governance framework is informed by the work of the internal and external auditors, other professional advisors and the Senior Management Team, who have responsibility for the development and maintenance of the internal control framework. Comments made by the external auditors in their management letter and other reports also inform the review.

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

Evaluation questionnaires are completed by the Board and the Audit Committee on a biannual basis, and were completed in 2017/18. The findings were very positive

overall. The average score across all sections of the Board questionnaire scoring 'agree strongly / agree' was 90%. Areas covered included remit, strategy and objectives; performance and financial management; risk management; relationship with key stakeholders; corporate governance; organization of the Board and Committees; professional development and training; and the Boardroom. Areas that the Board are considering relate to the style and formatting of reports; identifying the Museum's key stakeholders as part of the annual report; promoting the Corporate Governance & Standards Framework document; ensuring there is continuity in the diversity of Board members during the next recruitment round; and skills sharing between the Board and the Executive. Overall respondents to the Audit Committee questionnaire strongly agreed or agreed with 96% of the statements, which covered good practice principles, the role of the Chair, and committee support.

We have established the following processes to complement the risk management framework to maintain an effective governance framework and system of internal control:

- § Detailed financial regulations, policies and administrative procedures including segregation of duties and various levels of delegated authority; comprehensive budgeting systems; and clearly defined capital investment control guidelines and monitoring thereof.
- § Internal management processes such as performance monitoring and reporting, departmental meetings and directors' briefings
- § The Audit Committee considers the coverage of the internal audit programme and receives reports from internal and external auditors. The Committee meets quarterly, with the minutes of the meeting and also a report from the Independent Chairman being considered by the Board of Trustees
- § Regular reports from Internal Auditor including their independent opinion on the adequacy and effectiveness of the systems of internal control, together with recommendations for improvement
- § An annual report from Internal Audit. Based on the internal audit work for the year ended 31 March 2018, the Internal Auditor concluded that we have an adequate and effective framework for risk management, governance and internal control, although some further enhancements are needed to ensure the framework remains adequate and effective.
- § The Internal Auditor conducts a review of compliance with the principles of the Code of Good Governance for the Third Sector in Wales on a 3 yearly basis; the latest review was carried out in 2017/18 and confirmed that we are compliant with the Code
- § The Wales Audit Office, our external auditor, provides a Management Letter report summarising the work undertaken in respect of the financial

statements. This is reviewed by the Audit Committee and reported to the Board of Trustees.

- § Other sources of assurance are considered including reports from the Charities Commission, Landfill Tax Inspectors, Mine Safety Inspectorate and Investors in People.

## **5. Governance Issues and Future Improvements**

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

During 2017/18 we continued to implement our ten-year Vision, which was agreed by the Board in March 2015. The challenge remains to deliver our Vision in the context of the economic climate and specifically the reductions in grant-in-aid from the Welsh Government and lack of certainty on future grant-in-aid levels. Moving forward we will:

- § ensure integration of the Well-being of Future Generations (Wales) Act across the organization
- § further review our structures to support delivery of the new Vision within available resources
- § trial process for completing Annual Director Assurance Statements, which will feed into the Annual Governance Statement
- § continue to increase income generation and deliver commercial income projects
- § publish our first annual report on our compliance with the Welsh Language Standards
- § continue to implement the Human Resources Strategy
- § develop and implement the Training & Development Strategy
- § improve processes across the organization, including implementation of new systems
- § ensure compliance with new General Data Protection Regulations
- § deliver the redevelopment of St Fagans National Museum of History
- § continue to implement the Essential Maintenance Programme

## **6. Certification of Annual Governance Statement**

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

*David Anderson*

Accounting Officer and Director General Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2018

*Laurie Pavelin*

Approved and signed on 12 July 2018



## **Section 2.2 Remuneration & Staff Report**

### **Equality of Opportunity**

We have a range of policies that support our compliance with The Equality Act 2010, which places a statutory General Duty on all public sector organizations to have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity between men and women both in employment and in the provision of services to the public. In 2017/18 we reviewed our Equality Strategy and Equality Objectives. These documents outline our priorities in delivering equality and inclusion to staff and visitors.

We have continued to roll out training and development in Dignity at Work and Challenging Without Confronting to staff. We also provided equalities training to raise awareness and improve service delivery. These include courses provided by Open Up To Autism and Stonewall, and a number of staff have been trained as Dementia Friends.

During the year we have again celebrated events such as LGBT History Month and Black History Month with successful events taking place at the National Waterfront Museum and St Fagans. We are also working with a wide range of community partners on the More and Better initiative funded by the Paul Hamlyn Foundation.

### **Policies for Disabled Employees**

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

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

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

### **Staff Consultation**

We continue to comply with the 2005 Information and Consultation regulations, and consult with staff, both directly and through recognised unions, on major changes in the organization. Monthly Staff Forum meetings are held between management and recognised trade union representatives to discuss matters of importance, and the minutes of these meetings are formally reported to the Senior Management Team. This year has also seen the introduction of the Health & Safety Forum which includes trade union health and safety representatives and key managers from across the organization.

Representatives of our recognised unions attend the monthly Staff Executive Group meetings, facilitating openness and transparency. This legal requirement to consult is supplemented by a variety of methods including staff meetings, department meetings, working groups, email and intranet communications, plus informal methods of communication as appropriate.

We have continued to consult with staff and trade unions on organizational changes including new initiatives such as corporate Investors in People accreditation and amendments to policies. The priorities in 2017/18 have been completing the review of weekend working for front of house staff and developing a facilities agreement for trade union representatives.

Regular staff briefings have been held across all our museums to keep staff informed of work across the organization following each meeting of the Board of Trustees. The Director General also sends regular communications to staff.

### **Staff Training**

We continue to invest time and resources to provide development and training opportunities (both formal and informal) for employees. We have identified Investors in People (IiP) status as an important external measure of this commitment. Following workshops with the SMT and Heads of Department a decision was taken to work towards IiP accreditation across Amgueddfa Cymru as a whole. The IiP40 survey was sent to all staff in June 2018 and will inform priority areas to be developed in preparation for our assessment.

During 2017/18 we have offered staff training in a wide number of areas. These include leadership and management development, professional development and skills based training. We also offer courses in areas such as dignity at work, equality and diversity and health and safety to ensure compliance with related legislation, as well as personal development opportunities as required.

Apprenticeships are being offered at Big Pit to train Miner Guides, and in the Estates department and Historic Buildings Unit at St Fagans to address skills shortages and to implement succession plans in these areas.

### **Sickness Absence Data**

We have policies to support the management of attendance at work and long-term absence is considered to be anything over 28 consecutive days. All absence is recorded and monitored by line managers and the HR Department. Absence for the year to 31 March 2018 was 5.08% (5.5% in 2016/17). Refresher training has been delivered to line managers to address high rates of absence.

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

## Remuneration Report

We have an agreed pay and grading structure, which was implemented to ensure fair and equitable treatment for all. This covers all employees, with the exception of the Director General whose terms and conditions are agreed with the Welsh Government.

Each year we consider the remuneration package and develop a pay remit proposal, which is submitted to the Welsh Government for approval and forms the basis of negotiations with the recognised unions. This results in an updated pay and conditions package for the whole organization, which is binding until the next round of negotiation. Incremental increases under the pay remit are dependent on the system of personal development reviews.

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

The directors are shown on page 18 and further details of their remuneration and pension benefits are included below and that information is subject to audit. No director is employed on a fixed-term basis, and all, with the exception of the Director General, are employed on Amgueddfa Cymru's standard terms and conditions. Any changes to the terms and conditions pertaining to the Director General are subject to the agreement of the Appointments & Remuneration Committee and (where appropriate) the Welsh Government. The relationship between the remuneration of the highest-paid director in the organization and the median remuneration of the organization's workforce is disclosed below.

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

David Anderson (Director General)	11 October 2010
Richard Bevins	1 September 2016 (to 31 May 2018)
Steve Burrow	21 May 2018
Diane Gwilt	1 September 2016 (to 31 May 2018)
Janice Lane	3 September 2012
Neil Wicks	27 June 2011
Nia Williams	17 October 2016

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

Included within our operating costs are amounts of £19,000 (£nil in 2016/17) for agency staff and £5,000 (£1,000 in 2016/17) for consultancy staff. No individuals were employed in 2017/18 or 2016/17 under 'off-payroll' arrangements at more than £220 per day and for longer than six months.

## The Remuneration and Pension Benefits of the Directors

<b>Single Total Figure of Remuneration</b>					
	Salary band	Bonus band	Benefits in kind	Pension benefits	Total band
	2017/18 (2016/17)	2017/18 (2016/17)	2017/18 (2016/17)	2017/18 (2016/17)	2017/18 (2016/17)
	£'000	£'000	£'000	£'000	£'000
David Anderson Director General	95-100 (95-100)	- -	- -	22 (22)	<b>120-125</b> (120-125)
Neil Wicks Director of Finance & Corporate Resources, Deputy Director General	80-85 (80-85)	- -	- -	8 (13)	<b>85-90</b> (90-95)
Janice Lane Director of Gallery Development & Visitor Experience Digital Media	70-75 (70-75)	- -	- -	8 (8)	<b>80-85</b> (80-85)
Stephanos Mastoris Acting Director of Operations	15-20 (70-75)	- -	- -	5 (12)	<b>20-25</b> (80-85)
Richard Bevins Joint Director of Collections & Research	65-70 (40-45)	- -	- -	15 (9)	<b>80-85</b> (45-50)
Diane Gwilt Joint Director of Collections & Research	65-70 (40-45)	- -	- -	8 (4)	<b>75-80</b> (40-45)
Nia Williams Director of Learning & Engagement	60-65 (26-30)	- -	- -	6 (2)	<b>65-70</b> (25-30)

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

The directors were employed for the whole of 2016/17 and 2017/18, except for:

- Richard Bevins, who took up office on 1 September 2016 alongside his existing role as Keeper of Natural Sciences. His emoluments as Joint Director of Collections & Research consisted of a basic salary as shown above. His annualised salary as Joint Director of Collections & Research for 2016/17 was between £65,000 and £70,000.
- Diane Gwilt, who took up office on 1 September 2016 alongside her existing role as Keeper of Collections Services. Her emoluments as Joint Director of Collections & Research consisted of a basic salary as shown above. Her annualised salary as Joint Director of Collections & Research for 2016/17 was between £65,000 and £70,000.
- Nia Williams, who took up office on 16 October 2016, leaving her previous role as Head of Learning. Her emoluments as Director of Learning & Engagement consisted of a basic salary as shown above. Her annualised salary as Director of Learning & Engagement for 2016/17 was between £55,000 and £60,000.
- Stephanos Mastoris, who left office on 30 June 2017, remaining employed as Head of the National Waterfront Museum and Head of Museums. His emoluments as Acting Director of Operations consisted of a basic salary as shown above. His annualised salary as Director of Operations for 2017/18 was between £70,000 and £75,000.

The emoluments of the Director General consisted of a basic salary of £100,000 (£100,000 in 2016/17) plus a non-consolidated bonus based on performance. The Director General gave up his rights to his bonus in 2017/18 and 2016/17 and therefore no bonus was awarded in either year.

<b>Pension Benefits</b>					
	Real increase/ (decrease) in pension and related lump sum at age 60 £	Accrued pension at age 60 at 31 March 2018 and related lump sum £	CETV at 31 March 18 £'000	CETV at 31 March 17 or at date of appointment if later £'000	Real increase/ (decrease) in CETV in excess of members contributions £'000
David Anderson Director General	0-2,500 plus 2,500-5,000 lump sum	5,000-10,000 plus 25,000-30,000 lump sum	236	203	19
Neil Wicks Director of Finance & Corporate Resources, Deputy Director General	0-2,500 plus 2,500-5,000 lump sum	30,000-35,000 plus 100,000-105,000 lump sum	595	564	2
Janice Lane Director of Gallery Development & Visitor Experience	0-2,500 plus 0-2,500 lump sum	20,000-25,000 70,000-75,000 lump sum	428	404	7
Stephanos Mastoris Acting Director of Operations	0-2,500 plus 0-2,500 lump sum	10,000-15,000 plus 30,000-35,000 lump sum	225	226	(5)
Richard Bevins Joint Director of Collections & Research	2,500-5,000 plus 7,500-10,000 lump sum	35,000-40,000 plus 110,000-115,000 lump sum	959	908	21
Diane Gwilt Joint Director of Collections & Research	0-2,500 plus 2,500-5,000 lump sum	20,000-25,000 plus 70,000-75,000 lump sum	597	558	19
Nia Williams Director of Learning & Engagement	0-2,500 plus 0-2,500 lump sum	10,000-15,000 plus 35,000-40,000 lump sum	255	238	6

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The real increase in CETV reflects the increase funded by the employer. It does not include the increase in accrued pension due to inflation, or contributions paid by the employee (including the value of any benefits transferred from another pension scheme).

Steve Burrow took up office as Director of Collections & Research on 21 May 2018, after the end of the financial year, and therefore is not included in either of the tables above.

## Number of Employees

The average number of employees in 2017/18, excluding workers engaged under our pool arrangements, was 604 (585 in 2016/17). Including workers engaged under our pool arrangements, the average number was 804 (756 in 2016/17).

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

	Permanent Staff	Other Staff	2017/18 Number	2016/17 Number
Trading Subsidiary	38	7	45	43
Fundraising	7	1	8	7
Learning and Engagement	37	6	43	57
Collections and Research	88	7	95	102
Gallery Development and Visitor Experience	246	44	290	270
Support	50	5	55	52
	<b>466</b>	<b>70</b>	<b>536</b>	<b>531</b>
	Female Staff	Male Staff	2017/18 Number	2016/17 Number
Directors	3	3	6	5
Employees	266	264	530	526
	<b>269</b>	<b>267</b>	<b>536</b>	<b>531</b>

The increase in full time equivalent employees under Gallery Development and Visitor Experience and decrease under Learning and Engagement reflect restructuring of the divisions in 2017/18.

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

There were six employees (four in 2016/17) whose emoluments for the year were between £60,001 and £69,999. All of these employees are ordinary members of our pension scheme. There were no other employees who earned over £60,000 except for the directors whose emoluments are disclosed above. The emoluments of Stephanos Mastoris are disclosed in the Directors' Remuneration tables above for the period for which he was Acting Director of Operations. His emoluments for the remainder of the year were below £60,000.

## Median Remuneration

WGSBs are required to disclose the relationship between the remuneration of the highest-paid director in their organization and the median remuneration of the organization's workforce. The banded remuneration of the Director General, who was the highest-paid director in 2017/18, was £95,000-£100,000 (2016/17 £95,000-£100,000). This was 4.3 times (2016/17 4.2 times) the median remuneration of the workforce, which was £22,778 (2016/17 £22,945). No employees received remuneration in excess of the Director General in 2017/18 or 2016/17. Remuneration (excluding Directors) ranged from £16,320 to £67,664 (2016/17 £15,934 to £61,512). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Workers engaged under our pool arrangements have not been included in the median salary calculations.

	<b>2017/18</b>	2016/17
Band of Highest Paid Individual's Remuneration	<b>95,000- 100,000</b>	95,000- 100,000
Median Total	<b>22,778</b>	22,945
Ratio	<b>4.3</b>	4.2

The accounts include a provision for salary increases relating to 2017/18 for staff at the top increment of all grades, being the higher of 2.25% or £1,000 per annum. These increases were formally agreed and paid after the year end, and they have not been included in the median salary calculations.

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

*David Anderson*

Accounting Officer and Director General Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2018

*Laurie Pavelin*

Approved and signed on 12 July 2018

## **Section 2.3: Audit Report**

# **The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales**

## **Report on the audit of the financial statements**

### **Opinion**

I certify that I have audited the financial statements of National Museum of Wales for the year ended 31 March 2018 under Section 9 of the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet and the Consolidated Cash Flow Statement and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the Charities SORP (FRS 102).

In my opinion the financial statements:

- give a true and fair view of the state of National Museum of Wales' affairs as at 31 March 2018 and of its net income, gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Museum and Galleries Act 1992.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

### **Other information**

The Accounting Officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent



otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on regularity**

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Museum and Galleries Act 1992.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with the Museums and Galleries Act 1992.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Annual Governance Statement.

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

- sufficient accounting records have not been kept;
- the financial statements and the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

## **Report**

I have no observations to make on these financial statements.

## **Responsibilities**

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Board of Trustees and Director General's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Museums and Galleries Act 1992 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Responsibilities for regularity**

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

Huw Vaughan Thomas  
Auditor General for Wales  
17 July 2018

24 Cathedral Road  
Cardiff  
CF11 9LJ

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2018**

	Notes	Public funds		Private Funds		2017/18	Restated
		Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total 2016/17 £'000
<b>INCOME AND ENDOWMENTS FROM:</b>							
<b>Donations &amp; Legacies</b>							
Grants	3	5,049	24,417	0	0	29,466	28,318
Donations & Legacies	4	34	0	1,297	535	1,866	972
		<b>5,083</b>	<b>24,417</b>	<b>1,297</b>	<b>535</b>	<b>31,332</b>	<b>29,290</b>
<b>Other Trading Activities</b>	5	<b>0</b>	<b>3,250</b>	<b>0</b>	<b>0</b>	<b>3,250</b>	2,708
<b>Income from Investments</b>		<b>0</b>	<b>0</b>	<b>66</b>	<b>13</b>	<b>79</b>	73
<b>Other Income</b>	6	<b>0</b>	<b>1,945</b>	<b>13</b>	<b>4</b>	<b>1,962</b>	1,509
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>5,083</b>	<b>29,612</b>	<b>1,376</b>	<b>552</b>	<b>36,623</b>	<b>33,580</b>
<b>EXPENDITURE ON:</b>							
<b>Raising Funds:</b>							
Expenditure on Raising Donations & Legacies	7&8	0	645	12	3	660	573
Expenditure on Other Trading Activities	5	0	2,606	0	0	2,606	2,391
		<b>0</b>	<b>3,251</b>	<b>12</b>	<b>3</b>	<b>3,266</b>	<b>2,964</b>
<b>Charitable Activities:</b>							
Learning & Engagement		171	2,725	2	1	2,899	2,414
Collections & Research		1,027	6,100	14	3	7,144	7,619
Gallery Development & Visitor Experience		876	14,380	19	99	15,374	16,909
Governance		0	522	0	0	522	574
		<b>2,074</b>	<b>23,727</b>	<b>35</b>	<b>103</b>	<b>25,939</b>	<b>27,516</b>
<b>Other:</b>							
<b>Pension Finance Costs</b>	18e	<b>0</b>	<b>867</b>	<b>0</b>	<b>0</b>	<b>867</b>	675
<b>TOTAL EXPENDITURE</b>		<b>2,074</b>	<b>27,845</b>	<b>47</b>	<b>106</b>	<b>30,072</b>	<b>31,155</b>
<b>Share of Joint Venture</b>	9	<b>(108)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(108)</b>	(76)
<b>Net Gains on Investments</b>	12	<b>0</b>	<b>0</b>	<b>16</b>	<b>4</b>	<b>20</b>	344
<b>NET INCOME/EXPENDITURE</b>		<b>2,901</b>	<b>1,767</b>	<b>1,345</b>	<b>450</b>	<b>6,463</b>	<b>2,693</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>							
Gains on revaluation of fixed assets	10	8,429	32	96	28	8,585	1,213
Actuarial (Losses) on defined benefit pension scheme	18d	0	(3,562)	0	0	(3,562)	(12,531)
<b>NET MOVEMENT IN FUNDS</b>		<b>11,330</b>	<b>(1,763)</b>	<b>1,441</b>	<b>478</b>	<b>11,486</b>	<b>(8,625)</b>
<b>RECONCILIATION OF FUNDS:</b>							
<b>Total Funds Brought Forward</b>	19	<b>119,690</b>	<b>(28,358)</b>	<b>12,450</b>	<b>1,485</b>	<b>105,267</b>	<b>113,892</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	19	<b>131,020</b>	<b>(30,121)</b>	<b>13,891</b>	<b>1,963</b>	<b>116,753</b>	<b>105,267</b>

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

All activities are continuing.

The non-consolidated net increase in funds recorded in Amgueddfa Cymru's own Statement of Financial Activities during 2017/18 was £11,496,000 (a decrease of £8,616,000 in 2016/17).

The expenditure headings under Charitable Activities have been amended in line with Amgueddfa Cymru's divisional structure which was revised as at 1 April 2017. The previous year comparators for these expenditure headings have been restated in line with the new divisional structure. There is no impact on overall expenditure reported or on funds brought forward.

The notes on pages 45 to 67 form part of these accounts.

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018**

	Notes	Amgueddfa Cymru		Consolidated	
		2018 £'000	Restated 2017 £'000	2018 £'000	Restated 2017 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10	107,873	98,132	107,953	98,192
Heritage Assets	11	23,455	23,187	23,455	23,187
Share of Joint Venture:	9				
Share of gross assets		9,341	9,451	9,341	9,451
Share of gross liabilities		(1)	(3)	(1)	(3)
		<u>9,340</u>	<u>9,448</u>	<u>9,340</u>	<u>9,448</u>
Investments	12	2,945	2,925	2,945	2,925
		<u>143,613</u>	<u>133,692</u>	<u>143,693</u>	<u>133,752</u>
<b>CURRENT ASSETS</b>					
Stock	13	14	6	230	219
Debtors due within one year	14	3,920	2,585	3,057	1,670
Investments	20	785	780	785	780
Cash at bank and in hand	20	10,593	5,526	11,423	6,412
		<u>15,312</u>	<u>8,897</u>	<u>15,495</u>	<u>9,081</u>
<b>CURRENT LIABILITIES</b>					
Creditors due within one year	15	(2,363)	(2,845)	(2,525)	(2,978)
<b>NET CURRENT ASSETS</b>		<u>12,949</u>	<u>6,052</u>	<u>12,970</u>	<u>6,103</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>156,562</u>	<u>139,744</u>	<u>156,663</u>	<u>139,855</u>
<b>CREDITORS</b>					
Amounts falling due after one year	16	(1,900)	(2,007)	(1,900)	(2,007)
Provisions	17	(569)	0	(569)	0
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		<u>154,093</u>	<u>137,737</u>	<u>154,194</u>	<u>137,848</u>
Defined benefit pension scheme deficit	18a	(37,441)	(32,581)	(37,441)	(32,581)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<u>116,652</u>	<u>105,156</u>	<u>116,753</u>	<u>105,267</u>
<b>FUNDS</b>	19				
Public Funds Restricted - Income		112,293	109,392	112,293	109,392
Public Funds Restricted - Revaluation		18,727	10,298	18,727	10,298
<b>Total Public Funds Restricted</b>		<u>131,020</u>	<u>119,690</u>	<u>131,020</u>	<u>119,690</u>
Public Funds Unrestricted - Income		7,161	4,085	7,262	4,196
Public Funds Unrestricted - Revaluation		58	26	58	26
Pension Reserve		(37,441)	(32,580)	(37,441)	(32,580)
<b>Total Public Funds Unrestricted</b>		<u>(30,222)</u>	<u>(28,469)</u>	<u>(30,121)</u>	<u>(28,358)</u>
Private Funds Restricted - Income		13,632	12,287	13,632	12,287
Private Funds Restricted - Revaluation		259	163	259	163
<b>Total Private Funds Restricted</b>		<u>13,891</u>	<u>12,450</u>	<u>13,891</u>	<u>12,450</u>
Private Funds Unrestricted - Income		1,888	1,438	1,888	1,438
Private Funds Unrestricted - Revaluation		75	47	75	47
<b>Total Private Funds Unrestricted</b>		<u>1,963</u>	<u>1,485</u>	<u>1,963</u>	<u>1,485</u>
		<u>116,652</u>	<u>105,156</u>	<u>116,753</u>	<u>105,267</u>

The previous year comparators for Creditors due within one year and Amounts falling due after one year have been restated to include accruals for the buy-out of premium payments paid in instalments which are due after more than one year under Amounts falling due after one year. There is no impact on net assets or on funds brought forward.

Signed on behalf of the Trustees by

*David Anderson*  
Accounting Officer and Director General  
Approved and signed on 12 July 2018

*Laurie Pavelin*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2018

The notes on pages 45 to 67 form part of these accounts.

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

<b>Consolidated Cash Flow Statement</b>							
Notes	<b>Public funds</b>		<b>Private Funds</b>		<b>2017/18</b>	<b>2016/17</b>	
	Restricted	Unrestricted	Restricted	Unrestricted	<b>Total</b>	<b>Total</b>	
	£'000	£'000	£'000	£'000	<b>£'000</b>	<b>£'000</b>	
<b>Net Cash Inflow from Operating Activities</b>	20	3,653	2,645	1,193	454	<b>7,945</b>	8,006
<b>Cashflows from Investing Activities:</b>							
Purchase of tangible fixed assets		(900)	(2,181)	0	0	<b>(3,081)</b>	(8,641)
Purchase of heritage assets		(121)	0	0	0	<b>(121)</b>	(723)
Net purchase of investments		0	0	0	0	<b>0</b>	(1)
<b>Net Cash provided by/(used in) Investing Activities</b>		<b>(1,021)</b>	<b>(2,181)</b>	<b>0</b>	<b>0</b>	<b>(3,202)</b>	(9,365)
<b>Cashflows from Financing Activities:</b>							
Loan repayments		0	(22)	0	0	<b>(22)</b>	(43)
Cash inflow from new loans		(239)	534	0	0	<b>295</b>	1,597
<b>Net Cash provided by/(used in) Financing Activities</b>		<b>(239)</b>	<b>512</b>	<b>0</b>	<b>0</b>	<b>273</b>	1,554
<b>Increase in Cash</b>		<b>2,393</b>	<b>976</b>	<b>1,193</b>	<b>454</b>	<b>5,016</b>	195
<b>Cash and cash equivalents at start of year</b>		<b>(3,555)</b>	<b>5,977</b>	<b>4,063</b>	<b>707</b>	<b>7,192</b>	6,997
<b>Cash and cash equivalents at end of year</b>	21	<b>(1,162)</b>	<b>6,953</b>	<b>5,256</b>	<b>1,161</b>	<b>12,208</b>	7,192

<b>Amgueddfa Cymru Cash Flow Statement</b>							
Notes	<b>Public funds</b>		<b>Private Funds</b>		<b>2017/18</b>	<b>2016/17</b>	
	Restricted	Unrestricted	Restricted	Unrestricted	<b>Total</b>	<b>Total</b>	
	£'000	£'000	£'000	£'000	<b>£'000</b>	<b>£'000</b>	
<b>Net Cash Inflow from Operating Activities</b>	20	3,653	2,648	1,193	454	<b>7,948</b>	7,987
<b>Cashflows from Investing Activities:</b>							
Purchase of tangible fixed assets		(900)	(2,128)	0	0	<b>(3,028)</b>	(8,623)
Purchase of heritage assets		(121)	0	0	0	<b>(121)</b>	(723)
Net purchase of investments		0	0	0	0	<b>0</b>	(1)
<b>Net Cash provided by/(used in) Investing Activities</b>		<b>(1,021)</b>	<b>(2,128)</b>	<b>0</b>	<b>0</b>	<b>(3,149)</b>	(9,347)
<b>Cashflows from Financing Activities:</b>							
Loan repayments		0	(22)	0	0	<b>(22)</b>	(43)
Cash inflow from new loans		(239)	534	0	0	<b>295</b>	1,597
<b>Net Cash provided by/(used in) Financing Activities</b>		<b>(239)</b>	<b>512</b>	<b>0</b>	<b>0</b>	<b>273</b>	1,554
<b>Increase in Cash</b>		<b>2,393</b>	<b>1,032</b>	<b>1,193</b>	<b>454</b>	<b>5,072</b>	194
<b>Cash and cash equivalents at start of year</b>		<b>(3,555)</b>	<b>5,091</b>	<b>4,063</b>	<b>707</b>	<b>6,306</b>	6,112
<b>Cash and cash equivalents at end of year</b>	21	<b>(1,162)</b>	<b>6,123</b>	<b>5,256</b>	<b>1,161</b>	<b>11,378</b>	6,306

The notes on pages 45 to 67 form part of these accounts.

# Notes to the Accounts for the Year Ended 31 March 2018

## 1. Accounting Policies

### 1.1 Basis of Accounting

The Accounts are prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets at their value to Amgueddfa Cymru. They have been prepared on the accruals basis in accordance with the Accounts Direction issued by the Welsh Ministers with the consent of the Treasury. Without limiting the information given, the Accounts meet the accounting and disclosure requirements of the Charities Statement of Recommended Practice FRS102, (Charities SORP (FRS102)), issued by the Charities Commissioners for England and Wales, and the accounting statements issued or adopted by the Accounting Standards Board in so far as those requirements are appropriate. HM Treasury has confirmed that the exemptions contained in the Charities SORP (FRS102) in respect of the need to disclose the historic cost of tangible fixed assets may apply.

### 1.2 Joint Venture Undertakings

Amgueddfa Cymru and the City & County of Swansea are two equal members in National Waterfront Museum Swansea Ltd (NWMS Ltd), a company limited by guarantee and which does not have a share capital. The results of the joint venture have been included within the financial statements and are accounted for using the equity method of accounting. The accounts of NWMS Ltd for the year to 31 March 2018 have been approved and received an unqualified audit opinion. A copy of the accounts can be obtained from our Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

### 1.3 Subsidiary Undertakings

We operate a wholly owned trading subsidiary, NMGW Enterprises Ltd. The trading results for the company have been included within the consolidated financial statements on the 'line by line' method. The accounts of NMGW Enterprises Ltd for the year to 31 March 2018 have been approved and received an unqualified audit opinion. A copy of the accounts can be obtained from our Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

### 1.4 Income and Resources

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

### 1.5 Expenditure

Expenditure is apportioned across expenditure heads on the basis of direct allocation and indirect apportionment in the case of support costs as appropriate. Expenditure on Raising Donations & Legacies includes all fundraising expenditure. Expenditure on Other Trading Activities includes all expenditure associated with the trading subsidiary. Expenditure on charitable activities includes all expenditure associated with Learning and Engagement; Collections and Research; Gallery Development and Visitor Experience; and Governance. Governance costs include all expenditure associated with corporate and strategic

planning, Board and Committee work, Welsh Government liaison, internal and external audit, risk management and statutory reports, and accounts work.

The basis of support cost allocation is as follows: Marketing, Press and PR is allocated per percentage time, Finance is allocated per total income and total expenditure, ICT is allocated per number of computer users and Human Resources is allocated per number of full time equivalent employees.

### **1.6 Tangible Fixed Assets**

All items of a capital nature costing in excess of £10,000 are capitalised. Items of a capital nature costing less than £10,000 are not capitalised and are written off in-year. Previous to 1 April 2014, items of a capital nature costing in excess of £5,000 were capitalised.

Land and buildings assets are professionally valued every five years on the basis of their current value in existing use assuming that the properties would be sold as part of continuing business and are revalued using an index in the intervening period. Revaluation gains are recognised in the Statement of Financial Activities under Gains/(losses) on the revaluation of fixed assets, except to the extent to which they offset any previous write off of expenditure in the Statement of Financial Activities, in which case the gain is reversed against the relevant expenditure heading. Revaluation losses are recognised as an expense under the relevant expenditure heading in the Statement of Financial Activities except to the extent to which they offset any previous revaluation gains, in which case the loss is shown under Gains/(losses) on the revaluation of fixed assets. Routine maintenance work in respect of these properties is written off in the year in which it is undertaken.

Non-property assets (i.e. plant & vehicles, and fixtures, fittings & equipment) are held at historic cost (or the revalued cost prior to 1 April 2010) and not indexed as these assets have short useful economic lives or low values (or both).

An annual impairment review is carried out by management.

### **1.7 Heritage Assets**

Heritage assets are defined as assets of historic, artistic or scientific importance that are held to advance preservation, conservation and educational objectives of charities and through public access contribute to the nation's culture and education at either a national or local level. These assets are central to the achievement of our aims and include land, buildings, exhibits and artefacts. With effect from 1 April 2001 heritage assets purchased by or donated to us with an individual value of £5,000 or greater, or of £10,000 or greater from 1 April 2014, have been capitalised at historic cost/valuation. In accordance with Treasury accounts direction, assets acquired before 1 April 2001 have not been capitalised and in the opinion of the Trustees the considerable cost of valuation of the large collection of heritage assets (approximately 5.2 million items) cannot be justified on cost/benefit grounds. Donated or part-donated assets are valued with reference to invoices or other documentation where available, and otherwise by curatorial staff.

### **1.8 Depreciation**

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

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

- As permitted by the Charities SORP (FRS102), heritage assets are not depreciated. It is the opinion of the Trustees that with regard to works of art their residual value is higher than the carrying value and with regard to other heritage assets their estimated useful life is of such length that depreciation is not material.
- Plant, equipment, fixture and fittings are depreciated over 5-10 years. In specific cases of items subject to technological changes or with a high obsolescence factor, a 3-year life is used. Other specific items may have a longer depreciation period.
- Leased assets are charged on a straight-line basis over the term of the lease.

## **1.9 Funds**

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

Public Restricted Funds represent Capital and Specimen Purchase Grants receivable from the Welsh Government and other government bodies.

Private Restricted Funds are funds subject to specific restriction imposed by donors and can only be applied in accordance with the instructions under which they are set up.

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

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

## **1.10 Stock**

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

## **1.11 Investments**

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

## **1.12 Staff Holiday Accrual**

We recognise accruals at year-end for staff holiday entitlement that has not yet been taken and which is being carried forward to the following year.

## **1.13 Research and Development**

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

## **1.14 Taxation**

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

## **1.15 Pensions**

Contributions to the National Museum of Wales Pension Scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees'



working lives. The charge to the Statement of Financial Activities is based on the current service cost as calculated by the scheme actuary.

### **1.16 Contingent Assets and Liabilities**

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

### **1.17 Severance costs**

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

## 2. Statement of Financial Activities comparatives

	Public funds		Private Funds		Restated
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	2016/17 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
<b>Donations &amp; Legacies</b>					
Grants	6,403	21,915	0	0	28,318
Donations & Legacies	291	0	395	286	972
	<b>6,694</b>	<b>21,915</b>	<b>395</b>	<b>286</b>	<b>29,290</b>
<b>Other Trading Activities</b>	<b>0</b>	<b>2,708</b>	<b>0</b>	<b>0</b>	<b>2,708</b>
<b>Income from Investments</b>	<b>0</b>	<b>0</b>	<b>63</b>	<b>10</b>	<b>73</b>
<b>Other Income</b>	<b>0</b>	<b>1,493</b>	<b>14</b>	<b>2</b>	<b>1,509</b>
<b>TOTAL INCOME AND ENDOWMENTS</b>	<b>6,694</b>	<b>26,116</b>	<b>472</b>	<b>298</b>	<b>33,580</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds:</b>					
Expenditure on Raising Donations & Legacies	0	497	10	66	573
Expenditure on Other Trading Activities	0	2,391	0	0	2,391
	<b>0</b>	<b>2,888</b>	<b>10</b>	<b>66</b>	<b>2,964</b>
<b>Charitable Activities:</b>					
Learning & Engagement	101	2,254	58	1	2,414
Collections & Research	784	6,650	181	4	7,619
Gallery Development & Visitor Experience	501	16,336	68	4	16,909
Governance	0	574	0	0	574
	<b>1,386</b>	<b>25,814</b>	<b>307</b>	<b>9</b>	<b>27,516</b>
<b>Other:</b>					
<b>Pension Finance Costs</b>	<b>0</b>	<b>675</b>	<b>0</b>	<b>0</b>	<b>675</b>
<b>TOTAL EXPENDITURE</b>	<b>1,386</b>	<b>29,377</b>	<b>317</b>	<b>75</b>	<b>31,155</b>
<b>Share of Joint Venture</b>	<b>(76)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(76)</b>
<b>Net Gains/(Losses) on Investments</b>	<b>0</b>	<b>0</b>	<b>297</b>	<b>47</b>	<b>344</b>
<b>NET INCOME/EXPENDITURE</b>	<b>5,232</b>	<b>(3,261)</b>	<b>452</b>	<b>270</b>	<b>2,693</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>					
Gains/(Losses) on revaluation of fixed assets	1,184	5	19	5	1,213
Actuarial (Losses)/Gains on defined benefit pension scheme	0	(12,531)	0	0	(12,531)
<b>NET MOVEMENT IN FUNDS</b>	<b>6,416</b>	<b>(15,787)</b>	<b>471</b>	<b>275</b>	<b>(8,625)</b>
<b>RECONCILIATION OF FUNDS:</b>					
<b>Total Funds Brought Forward</b>	<b>113,274</b>	<b>(12,571)</b>	<b>11,979</b>	<b>1,210</b>	<b>113,892</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>119,690</b>	<b>(28,358)</b>	<b>12,450</b>	<b>1,485</b>	<b>105,267</b>

The expenditure headings under Charitable Activities have been amended in line with Amgueddfa Cymru's divisional structure which was revised as at 1 April 2017. The Learning, Exhibitions & Digital Media division became Learning & Engagement and Museum Operations became Gallery Development & Visitor Experience, with some departments moving divisions. The comparators for 2016/17 have been restated in line with the new divisional structure, increasing Gallery Development & Visitor Experience expenditure by £1,425,000 and reducing Learning & Engagement expenditure by £1,425,000.

### 3. Grants Receivable

	Public		2017/18	2016/17
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
Revenue Grant-in-Aid	0	22,607	<b>22,607</b>	21,239
Specimen Purchase Grant-in-Aid	269	0	<b>269</b>	538
Capital Grant-in-Aid	4,289	0	<b>4,289</b>	1,600
Other government grant	491	1,810	<b>2,301</b>	4,941
	<b>5,049</b>	<b>24,417</b>	<b>29,466</b>	28,318

We received total Grant-in-Aid from the Welsh Government of £27,165,000 (£23,377,000 in 2016/17) which comprises the Revenue, Specimen Purchase and Capital Grant-in-Aid.

Other government grant included Heritage Lottery Fund grant of £1,682,000 (£4,210,000 in 2016/17), of which £1,593,000 was for the St Fagans redevelopment project, including £491,000 recognised under public restricted funds and £1,102,000 under public unrestricted funds, matching the allocation of project expenditure to those funds. Other government grant also included Heritage Memorial Fund grant of £nil (£341,000 in 2016/17), European Union grant of £14,000 (£15,000 in 2016/17), Cardiff Council grant of £90,000 (£15,000 in 2016/17) and Welsh Government grant of £515,000 (£360,000 in 2016/17).

### 4. Donations & Legacies

	Public Funds		Private Funds		2017/18	2016/17
	Restricted	Unrestricted	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000	£'000
Donated Assets	0	0	147	0	<b>147</b>	0
Legacies	0	0	193	0	<b>193</b>	0
Other donations	34	0	957	535	<b>1,526</b>	972
	<b>34</b>	<b>0</b>	<b>1,297</b>	<b>535</b>	<b>1,866</b>	972

Donated assets include heritage assets valued at £147,000 (see note 11 for more details). All valuations of donated (or part-donated) assets in the previous year were carried out by curatorial staff or other qualified staff, or by reference to invoices/acceptance in lieu correspondence.

Other donations includes gifts from trusts and foundations received as contributions towards specimen purchases, the St Fagans redevelopment project, and other projects. These included £350,000 from players of the People's Postcode Lottery (£275,000 in 2016/17), £300,000 from the Garfield Weston Foundation (£nil in 2016/17), £200,000 from the Foyle Foundation (£nil in 2016/17), £200,000 from the Moondance Foundation (£nil in 2016/17), £nil from The Art Fund (£210,000 in 2016/17) and £nil from The Wolfson Foundation (£100,000 in 2016/17).

## 5. Trading Subsidiary

We have one wholly owned trading subsidiary, which is incorporated in the UK. The principal activities of NMGW Enterprises Ltd are sales at all our retail shops, catering, car parking, image licensing, corporate hire, lettings, mail order, proceeds from the sale or loan of exhibitions and filming rights. NMGW Enterprises Ltd remits its profits to us by means of gift aid. A summary of the Company's results is shown below.

	2017/18	2016/17
	£ '000	£ '000
Turnover	3,037	2,534
Cost of sales	(2,225)	(2,021)
<b>Gross Profit</b>	<b>812</b>	<b>513</b>
Administrative expenses	(374)	(363)
Other operating income	206	169
<b>Profit on ordinary activities before interest</b>	<b>644</b>	<b>319</b>
Interest receivable	7	5
Interest payable	(7)	(7)
<b>Profit on ordinary activities before taxation</b>	<b>644</b>	<b>317</b>
Tax on profit on ordinary activities	0	0
<b>Profit for the financial year</b>	<b>644</b>	<b>317</b>
Gift aid payable to the Museum	(654)	(326)
<b>Retained profit for the financial year</b>	<b>(10)</b>	<b>(9)</b>

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

## 6. Other Income

	Public Funds		Private Funds		2017/18	Restated 2016/17
	Restricted	Unrestricted	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000	£'000
Learning & Engagement	0	281	0	0	281	164
Collections & Research	0	651	0	0	651	465
Gallery Development & Visitor Experience	0	914	0	0	914	816
Support	0	99	13	4	116	64
	<b>0</b>	<b>1,945</b>	<b>13</b>	<b>4</b>	<b>1,962</b>	<b>1,509</b>

The headings under Other Income above have been updated for 2017/18 following a restructuring of divisions, with Learning, Exhibitions & Digital Media becoming Learning & Engagement and Museum Operations becoming Gallery Development & Visitor Experience, with some departments moving divisions. Some income has therefore been reclassified to a different heading. The comparators for 2016/17 have therefore been amended to increase Gallery Development & Visitor Experience other income by £60,000 and reduce Learning & Engagement other income by £60,000.

## 7. Total Expenditure

### (a) Amgueddfa Cymru

	Direct Costs	Depre- ciation	Marketing, Press & PR	Support Costs Finance	ICT	Human Resources	2017/18 £'000	Restated 2016/17 £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on Raising Funds</b>								
Raising Donations & Legacies	571	0	25	15	30	19	660	573
	571	0	25	15	30	19	660	573
<b>Expenditure on Charitable Activities</b>								
Learning & Engagement	2,526	146	63	39	76	49	2,899	2,414
Collections & Research	5,812	687	179	109	217	140	7,144	7,619
Gallery Development & Visitor Experience	13,686	724	311	191	379	242	15,533	17,069
Governance	342	0	50	30	61	39	522	574
	22,366	1,557	603	369	733	470	26,098	27,676
<b>Pension Finance Costs</b>	867	0	0	0	0	0	867	675
<b>Total Expenditure</b>	<b>23,804</b>	<b>1,557</b>	<b>628</b>	<b>384</b>	<b>763</b>	<b>489</b>	<b>27,625</b>	<b>28,924</b>

### (b) Consolidated

	Direct Costs	Depre- ciation	Marketing, Press & PR	Support Costs Finance	ICT	Human Resources	2017/18 £'000	Restated 2016/17 £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on Raising Funds</b>								
Raising Donations & Legacies	571	0	25	15	30	19	660	573
Trading Subsidiary	2,573	33	0	0	0	0	2,606	2,391
	3,144	33	25	15	30	19	3,266	2,964
<b>Expenditure on Charitable Activities</b>								
Learning & Engagement	2,526	146	63	39	76	49	2,899	2,141
Collections & Research	5,812	687	179	109	217	140	7,144	7,619
Gallery Development & Visitor Experience	13,527	724	311	191	379	242	15,374	16,909
Governance	342	0	50	30	61	39	522	574
	22,207	1,557	603	369	733	470	25,939	27,516
<b>Pension Finance Costs</b>	867	0	0	0	0	0	867	675
<b>Total Expenditure</b>	<b>26,218</b>	<b>1,590</b>	<b>628</b>	<b>384</b>	<b>763</b>	<b>489</b>	<b>30,072</b>	<b>31,155</b>

The amount of £42,134 (£44,009 in 2016/17) is included in resources expended for external auditors' remuneration. This includes £37,184 (£38,934 in 2016/17) for the Amgueddfa Cymru audit fee, £4,350 (£4,475 in 2016/17) for the trading subsidiary audit fee and £600 (£600 in 2016/17) for other work for the trading subsidiary.

66.8% of total expenditure during the year was on staff costs (73.1% in 2016/17).

## 8. Staff Costs

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

	Consolidated	
	2017/18 £'000	2016/17 £'000
Salaries & Wages	13,904	16,056
Social Security Costs	1,172	1,528
FRS102 Pension Service Costs (note 18e)	4,007	3,164
Apprenticeship Levy	53	0
Severance Costs	95	1,354
	<b>19,231</b>	<b>22,102</b>
FRS102 Pension Finance Costs (note 18e)	867	675
	<b>20,098</b>	<b>22,777</b>

Included within the staff costs are £1,270,000 (£1,104,000 in 2016/17) relating to the trading subsidiary.

Staff costs also include a provision of £569,000 for salary increases relating to 2017/18 which were formally agreed by our recognised unions and paid after the year end.

Staff costs in the prior year, 2016/17, included £2,880,000 for the buy-out of premium payments and related social security costs for week-end working, which ceased during the year.

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

Our Voluntary Redundancy Scheme, enhancing statutory payments by a factor of 4, was taken up by 2 employees in 2017/18, incurring costs of £95,000 (£1,332,000 in 2016/17).

No employees left Amgueddfa Cymru under our Mutually Assured Resignation Scheme in 2017/18 (one employee incurring costs of £22,000 in 2016/17). Severance payments under this scheme are calculated on the basis of one month's pay for each complete year of continuous service, up to a maximum of 12, capped at £40,000.

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

Trustees do not receive any emoluments. The total amount of travel, subsistence and accommodation expenses reimbursed by us for our Board and committee members was £10,000 (£16,000 in 2016/17). This does not include any expenses waived by trustees as this is immaterial. A total of 16 trustees were reimbursed expenses during the year (17 in 2016/17).

## 9. Share of Joint Venture

We are an equal member, with the City & County of Swansea, of National Waterfront Museum Swansea Ltd (NWMS Ltd) (Charity No 1090512), a company limited by guarantee. The principal objective of NWMS Ltd is to establish for the benefit of the public a museum in Swansea to house and display (inter alia) the industrial and maritime collection of Amgueddfa Cymru and the City & County of Swansea. In the event of the wind-up or dissolution of NWMS Ltd its articles and memorandum of association state that any property belonging to or vested in the charity shall be transferred to some other charity or charities having similar objectives.

Our share of the net movement in funds and net assets of the Joint Venture comprises:

	Total Net Movement in Funds		Share of Net Movement in Funds	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Donations and Legacies	5	5	2	2
Other Income	0	0	0	0
<b>Total incoming resources</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>
Charitable activity expenditure	216	152	108	76
Governance costs	5	5	2	2
<b>Total resources expended</b>	<b>221</b>	<b>157</b>	<b>110</b>	<b>78</b>
Revaluation of Fixed Assets	0	0	0	0
<b>Net Movement in Funds</b>	<b>(216)</b>	<b>(152)</b>	<b>(108)</b>	<b>(76)</b>

	Total Assets and Liabilities		Share of Assets and Liabilities	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed Assets	18,679	18,896	9,340	9,448
Current Assets	2	6	1	3
Liabilities due within one year	(2)	(7)	(1)	(3)
Liabilities due after more than one year	(45)	(45)	0	0
<b>Net Assets</b>	<b>18,634</b>	<b>18,850</b>	<b>9,340</b>	<b>9,448</b>
<b>Funds</b>				
General Fund (unrestricted)	18,632	18,848	9,339	9,447
Restricted Fund	2	2	1	1
	<b>18,634</b>	<b>18,850</b>	<b>9,340</b>	<b>9,448</b>

## 10. Tangible Fixed Assets

### (a) Amgueddfa Cymru

	Freehold Land	Freehold Buildings	Leasehold Properties	Plant & Vehicles	Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2017	1,577	34,442	61,761	1,598	2,953	102,331
Additions in Year	0	219	0	171	2,323	2,713
Revaluation	142	3,088	5,535	0	0	8,765
<b>At 31 March 2018</b>	<b>1,719</b>	<b>37,749</b>	<b>67,296</b>	<b>1,769</b>	<b>5,276</b>	<b>113,809</b>
<b>Depreciation</b>						
At 1 April 2017	0	540	485	902	2,272	4,199
Charge for the Year	0	521	481	148	407	1,557
Revaluation	0	94	86	0	0	180
<b>At 31 March 2018</b>	<b>0</b>	<b>1,155</b>	<b>1,052</b>	<b>1,050</b>	<b>2,679</b>	<b>5,936</b>
<b>Net Book Value</b>						
At 1 April 2017	1,577	33,902	61,276	696	681	98,132
<b>At 31 March 2018</b>	<b>1,719</b>	<b>36,594</b>	<b>66,244</b>	<b>719</b>	<b>2,597</b>	<b>107,873</b>

### (b) Consolidated

	Freehold Land	Freehold Buildings	Leasehold Properties	Plant & Vehicles	Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2017	1,577	34,442	61,761	1,598	3,099	102,477
Additions in Year	0	219	0	171	2,376	2,766
Revaluation	142	3,088	5,535	0	0	8,765
<b>At 31 March 2018</b>	<b>1,719</b>	<b>37,749</b>	<b>67,296</b>	<b>1,769</b>	<b>5,475</b>	<b>114,008</b>
<b>Depreciation</b>						
At 1 April 2017	0	540	485	902	2,358	4,285
Charge for the Year	0	521	481	148	440	1,590
Revaluation	0	94	86	0	0	180
<b>At 31 March 2018</b>	<b>0</b>	<b>1,155</b>	<b>1,052</b>	<b>1,050</b>	<b>2,798</b>	<b>6,055</b>
<b>Net Book Value</b>						
At 1 April 2017	1,577	33,902	61,276	696	741	98,192
<b>At 31 March 2018</b>	<b>1,719</b>	<b>36,594</b>	<b>66,244</b>	<b>719</b>	<b>2,677</b>	<b>107,953</b>

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



used for land and buildings is the BCIS All in Tender Price Index, estimated by Cooke and Arkwright Chartered Surveyors. The estimated index value was 316 in March 2018 (290 in March 2017).

## 11. Heritage Assets

### (a) Collection Management Policies

Collections of specimens are the raison d'être of museums and provide the fundamental database for all their work and objectives. We are the national repository of material relating to Wales's natural and created heritage and international material that helps define Wales's place in the world. Our collections number approximately 5.2 million specimens or groups and are of international importance. We differ from other national museums and galleries in the UK by the range of our disciplines and by the number and range of sites that we operate.

We maintain and review our policies on acquisitions, disposals, care and conservation, documentation and access to the highest international standards. Full details of these policies can be obtained on request from the Director of Collections & Research at our Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

### (b) Collection Management Costs

	2017/18 £'000	2016/17 £'000
<b>Collection management costs</b>		
Conservation	735	900
Collections Information	255	225
Collection Services	288	263
Collection Centre	30	44
	<b>1,308</b>	<b>1,432</b>

These costs are recognised in the Statement of Financial Activities.

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

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
Donated Assets	6,826	160	329	7,315
Purchased Assets	9,308	5,755	1,077	16,140
<b>Total at 31 March 2018</b>	<b>16,134</b>	<b>5,915</b>	<b>1,406</b>	<b>23,455</b>

(i) Heritage Assets donated during the year:

	Art	Historic Buildings	Other	Total
	£'000	£'000	£'000	£'000
<i>Merlin</i> - Albert Irvin	22	-	-	22
<i>Chanticlear</i> - Gillian Ayres	125	-	-	125
<b>Total Additions in Year</b>	<b>147</b>	<b>0</b>	<b>0</b>	<b>147</b>
Total at 1 April 2017	6,679	160	329	7,168
<b>Total at 31 March 2018</b>	<b>6,826</b>	<b>160</b>	<b>329</b>	<b>7,315</b>

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

(ii) Heritage Assets purchased during the year:

	Art	Historic Buildings	Other	Total
	£'000	£'000	£'000	£'000
<i>For Tyrrau Mawr edition 1 of 3, Writ Stink edition 1 of 3 and Writ Stink drawings</i> - Bedwyr Williams	30	-	-	30
Llys Rhosyr materials	-	77	-	77
Vulcan Hotel materials	-	14	-	14
<b>Total Additions in Year</b>	<b>30</b>	<b>91</b>	<b>0</b>	<b>121</b>
Total at 1 April 2017	9,278	5,664	1,077	16,019
<b>Total at 31 March 2018</b>	<b>9,308</b>	<b>5,755</b>	<b>1,077</b>	<b>16,140</b>

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

iii) Capitalised specimen acquisition over the last five years:

	2017/18	2016/17	2015/16	2014/15	2013/14
	£'000	£'000	£'000	£'000	£'000
<b>Donated Assets</b>					
Art	147	0	272	1,240	1,239
Historic Buildings	0	0	0	0	0
Other	0	0	185	0	25
<b>Total Donated Assets</b>	<b>147</b>	<b>0</b>	<b>457</b>	<b>1,240</b>	<b>1,264</b>
<b>Purchased Assets</b>					
Art	30	678	474	135	1,120
Historic Buildings	91	45	0	0	0
Other	0	0	13	0	80
<b>Total Purchased Assets</b>	<b>121</b>	<b>723</b>	<b>487</b>	<b>135</b>	<b>1,200</b>
<b>Total Capitalised Specimen Acquisition</b>	<b>268</b>	<b>723</b>	<b>944</b>	<b>1,375</b>	<b>2,464</b>

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

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

	2017/18	2016/17	2015/16	2014/15	2013/14
	£'000	£'000	£'000	£'000	£'000
Art	28	54	57	71	25
Natural Sciences	47	60	39	33	71
Industry	0	0	1	2	2
Conservation	0	0	15	7	7
Library	40	85	75	88	78
History	200	116	123	266	112
	<b>315</b>	<b>315</b>	<b>310</b>	<b>467</b>	<b>295</b>

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

**(e) Further information on Amgueddfa Cymru's collection of heritage assets  
Number of items held:**

<b>There are c. 5.2 million items in Amgueddfa Cymru's collections</b>	
Archaeology & Numismatics	1,297,722
Art	46,526
Biodiversity	2,442,323
Geology	428,547
Industry	279,463
National Wool Museum	12,000
Library	263,908
Social & Cultural History	397,730
<b>Total</b>	<b>5,168,219</b>

(i) Archaeology & Numismatics: the Department holds a collection of 810,222 items at National Museum Cardiff, as well as 487,500 at the National Roman Legion Museum in Caerleon. Archaeology and numismatics (the study of coins and medals) tell us about the archaeology and history of Wales from the first use of caves 250,000 years ago to the start of the industrial revolution.

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

(iii) Biodiversity: a collection of 2,442,323 botany and zoology items is held at National Museum Cardiff. Specimens are on display in the natural history galleries, or can be viewed by appointment. The study of the earth's biodiversity and of how organisms interact is essential to our future wellbeing.

(iv) Geology: 428,547 items are held at National Museum Cardiff. These include rocks, minerals and fossils that help us to understand the geological history of the Earth from its origins around 4,600 million years ago, and the processes involved in forming and shaping the Earth's crust. They provide evidence for how the Wales we know today has evolved over 700 million years.

(v) Industry: 279,463 objects are held in collections at the National Slate Museum in Llanberis, Big Pit: National Coal Museum in Blaenafon, the National Waterfront Museum in Swansea and in our Collections Centre in Nantgarw, where they can be viewed by appointment. The collections include items from the coal, manufacturing, maritime and transport industries. The 1841 census records that Wales was the first nation in the world to have a higher proportion of its workforce employed in industry rather than agriculture – Wales was therefore 'the world's first industrial nation'.

(vi) The National Wool Museum: this museum holds 12,000 items in its collection.

(vii) Library: the main Library, housed at National Museum Cardiff, and the library housed at St Fagans: National History Museum, contain 263,908 books and periodicals. This includes a collection of rare and special edition books, particularly in natural history. The Library is also a source of information for staff, and items can be viewed by the public by appointment.

(viii) Social & Cultural History: this collection holds 397,730 items, housed at St Fagans: National History Museum. It covers the domestic, cultural, agricultural and commercial aspects of the people of Wales from the Middle Ages to the present day. We illustrate and interpret these aspects with over forty re-constructed buildings spread across one hundred acres of land. The collection also has extensive photographic, film and sound archives.

## 12. Fixed Asset Investments

	Amgueddfa Cymru		Consolidated	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At 1 April 2017	2,925	2,580	2,925	2,580
Additions to investments at cost	1,845	417	1,845	417
Disposals at market value	(1,845)	(416)	(1,845)	(416)
Net Gain on Revaluation	20	344	20	344
Market Value at 31 March 2018	<u>2,945</u>	<u>2,925</u>	<u>2,945</u>	<u>2,925</u>

Of total investments of £2,945,000, £2,462,000 (£2,446,000 at 31 March 2017) was held in Restricted Private Funds and £483,000 (£479,000 at 31 March 2017) in Unrestricted Private Funds.

The historic cost of investments at 31 March 2018 was £2,682,000 (£2,131,000 at 31 March 2017). The portfolio consists of Collective Investments (Unit Trusts) authorized by the Securities and Investments Board (these were professionally valued by our investment managers, Barclays) and shareholdings (bequeathed to us) listed on the London Stock Exchange.

The investments were held in the following asset classes:

	Amgueddfa Cymru		Consolidated	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
UK Listed Investments	985	1,672	985	1,672
Non UK Listed Investments	1,949	1,171	1,949	1,171
Cash & Cash Deposits	11	82	11	82
	<b>2,945</b>	<b>2,925</b>	<b>2,945</b>	<b>2,925</b>

### 13. Stock

	Amgueddfa Cymru		Consolidated	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Shop Goods for Sale	0	0	248	263
Publications stock held separately	31	23	31	23
Less: Provision for stock write-off	(17)	(17)	(49)	(67)
	<b>14</b>	<b>6</b>	<b>230</b>	<b>219</b>

### 14. Debtors

	Amgueddfa Cymru		Consolidated	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade Debtors	103	27	255	135
Amount due from trading subsidiary	668	682	0	0
Loan due from trading subsidiary	301	301	0	0
Other Debtors	2,638	1,364	2,555	1,286
Prepayments	210	211	247	249
	<b>3,920</b>	<b>2,585</b>	<b>3,057</b>	<b>1,670</b>
Balances with:				
Central government bodies	2,354	1,312	2,356	1,313
NHS bodies	0	0	0	1
Local authorities	2	2	10	5
Sub total intra government balances	<b>2,356</b>	<b>1,314</b>	<b>2,366</b>	<b>1,319</b>
Bodies external to government	1,564	1,271	691	351
Total	<b>3,920</b>	<b>2,585</b>	<b>3,057</b>	<b>1,670</b>

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

	Amgueddfa Cymru		Consolidated	
	2018	Restated 2017	2018	Restated 2017
	£'000	£'000	£'000	£'000
Loans	306	22	306	22
Trade Creditors	0	1	0	26
Accruals and Deferred Income	2,057	2,822	2,219	2,930
	<b>2,363</b>	<b>2,845</b>	<b>2,525</b>	<b>2,978</b>
Balances with:				
Central government bodies	445	226	445	226
Local authorities	27	59	27	59
Sub total intra government balances	472	285	472	285
Bodies external to government	1,891	2,560	2,053	2,693
Total	<b>2,363</b>	<b>2,845</b>	<b>2,525</b>	<b>2,978</b>

Accruals and Deferred Income includes £646,000 un-spent grant income deferred to the following year (£711,000 at 31 March 2017), and £96,000 (£107,000 at 31 March 2017) for premium payments buy-out instalments which are due in less than one year.

Loans of £306,000 are outstanding from the Welsh Government's Invest-to-Save fund (£22,000 from the Carbon Trust at 31 March 2017).

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

	Amgueddfa Cymru		Consolidated	
	2018	Restated 2017	2018	Restated 2017
	£'000	£'000	£'000	£'000
Loans	1,746	1,757	1,746	1,757
Accruals and Deferred Income	154	250	154	250
Total	<b>1,900</b>	<b>2,007</b>	<b>1,900</b>	<b>2,007</b>

Loans of £1,746,000 (£1,757,000 at 31 March 2017) are outstanding from the Welsh Government's Invest-to-Save fund, of which £1,669,000 (£1,721,000 at 31 March 2017) is repayable within 2 to 5 years and £77,000 (£36,000 at 31 March 2017) in more than 5 years.

Accruals and Deferred Income includes £154,000 (£250,000 at 31 March 2017) for premium payments buy-out instalments which are due after more than one year.

## 17. Provisions

	Amgueddfa Cymru		Consolidated	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Provisions	569	0	569	0

A provision of £569,000 has been made for salary increases relating to 2017/18 which were formally agreed by our recognised unions and paid after the year end.

## 18. Pensions

We operate a defined benefit pension scheme in the UK, which is underwritten by a Crown Guarantee issued by the National Assembly for Wales. A full actuarial valuation was carried out at 31 March 2015. This was updated at 31 March 2018 by a qualified independent actuary using guidelines issued by HM Treasury.

The FRS102 valuation as at 31 March 2018 showed an increase in the deficit from £32,581,000 to £37,441,000.

Our contribution to the scheme in the year to 31 March 2018 amounted to £3,576,000 (£3,738,000 to 31 March 2017). This includes contributions at a rate of 21.3% of Pensionable Remuneration, and salary forgone by members under salary-sacrifice arrangements which we pay over to the Scheme.

We expect to contribute £3,627,000 to the Scheme in 2018/19. The projected total charge to the Statement of Financial Activities in 2018/19 is £1,530,000, and the projected deficit at 31 March 2019 is therefore £38,971,000.

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

	2018	2017
	£'000	£'000
Fair value of assets	128,815	125,738
Defined benefit obligation	(166,256)	(158,319)
<b>(Deficit)</b>	<b>(37,441)</b>	<b>(32,581)</b>

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

	2018	2017
	£'000	£'000
Opening fair value of assets	125,738	108,771
Interest income	3,501	3,881
Employer's contributions	3,576	3,738
Members' contributions	293	279
Scheme expenses	(375)	(430)
Actuarial experience gains/(losses)	1,007	14,122
Benefits paid	(4,925)	(4,623)
<b>Closing fair value of assets</b>	<b>128,815</b>	<b>125,738</b>

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

	2018	2017
	£'000	£'000
Opening defined benefit obligation	158,319	128,720
Current service cost	3,632	2,734
Members' contributions	293	279
Interest cost	4,368	4,556
Actuarial experience losses/(gains)	4,569	26,653
Benefits paid	(4,925)	(4,623)
<b>Closing defined benefit obligation</b>	<b>166,256</b>	<b>158,319</b>

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

	2018	2017
	£'000	£'000
Actuarial experience gains/(losses) - fair value of assets (note 18b)	1,007	14,122
Actuarial (losses)/gains - present value of obligations (note 18c)	(4,569)	(26,653)
<b>Actuarial (losses)/gains</b>	<b>(3,562)</b>	<b>(12,531)</b>

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

	2018		2017	
	£'000	£'000	£'000	£'000
Current service cost	3,632		2,734	
Scheme expenses	375		430	
		<u>4,007</u>		<u>3,164</u>
Interest income	(3,501)		(3,881)	
Interest cost	<u>4,368</u>		<u>4,556</u>	
		<u>867</u>		<u>675</u>
<b>Total charge to resources expended</b>		<b><u>4,874</u></b>		<b><u>3,839</u></b>

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

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

	2018	2017
Equities	39.7%	41.9%
LDI	25.1%	24.0%
Multi-asset	20.4%	20.0%
Others	14.8%	14.1%

**(g) Principal actuarial assumptions:**

	2018	2017
Discount rate	2.55%	2.80%
Inflation - RPI	3.45%	3.55%
Inflation - CPI	2.45%	2.55%
CARE revaluation	2.45%	2.55%
Pension increases in payment - pre 2000	3.45%	3.55%
Pension increases in payment - post 2000	2.45%	2.55%
Pension increases in deferment	2.45%	2.55%
Assumes life expectancy currently age 65		
Male	86.8	86.9
Female	88.7	88.7
Assumes life expectancy currently age 45		
Male	87.8	88.0
Female	89.9	90.0

**(h) Sensitivity analysis – Change in defined benefit obligation as at 31 March 2018:**

Increase/decrease discount rate by 50 bps	-9% / +10%
Increase/decrease assumed rate of inflation by 50 bps	+10% / -9%



## 19. Statement of Funds

### (a) Movement in Funds

	1 April 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Other Movements in Year £'000	31 March 2018 £'000
<b>Public Funds</b>					
Restricted - Capital Income	95,307	4,694	(1,779)	(108)	98,114
Restricted - Specimen Income	14,085	389	(295)	0	14,179
Restricted - Revaluation	10,298	0	0	8,429	18,727
<b>Total Restricted</b>	<b>119,690</b>	<b>5,083</b>	<b>(2,074)</b>	<b>8,321</b>	<b>131,020</b>
Unrestricted - Income	4,197	29,612	(26,547)	0	7,262
Unrestricted - Revaluation	26	0	0	32	58
Pension Reserve	(32,581)	0	(1,298)	(3,562)	(37,441)
<b>Total Unrestricted</b>	<b>(28,358)</b>	<b>29,612</b>	<b>(27,845)</b>	<b>(3,530)</b>	<b>(30,121)</b>
<b>Total Public Funds</b>	<b>91,332</b>	<b>34,695</b>	<b>(29,919)</b>	<b>4,791</b>	<b>100,899</b>
<b>Private Funds</b>					
Restricted - Income	12,287	1,376	(47)	16	13,632
Restricted - Revaluation	163	0	0	96	259
Unrestricted - Income	1,438	552	(106)	4	1,888
Unrestricted - Revaluation	47	0	0	28	75
<b>Total Private Funds</b>	<b>13,935</b>	<b>1,928</b>	<b>(153)</b>	<b>144</b>	<b>15,854</b>
<b>Total</b>	<b>105,267</b>	<b>36,623</b>	<b>(30,072)</b>	<b>4,935</b>	<b>116,753</b>

Funds recorded in our own non-consolidated accounts at 31 March 2018 were £116,652,000 with £101,000 attributable to NMGW Enterprises Ltd.

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

Total revaluation reserves at 31 March 2018 were £19,119,000. These represent accumulated gains/losses on revaluation of fixed assets arising from 1 April 2011 onwards.

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

	Public Funds		Private Funds		2018 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	
Fixed Assets	131,286	2,979	8,628	800	143,693
Current Assets	106	8,267	5,263	1,163	14,799
Current Liabilities	(372)	(1,457)	0	0	(1,829)
Long term Liabilities	0	(1,900)	0	0	(1,900)
Provisions	0	(569)	0	0	(569)
<b>Net Assets (before pension liabilities)</b>	<b>131,020</b>	<b>7,889</b>	<b>13,891</b>	<b>1,963</b>	<b>154,194</b>
Pension Liabilities	0	(37,441)	0	0	(37,441)
<b>Net Assets (after pension liabilities)</b>	<b>131,020</b>	<b>(29,552)</b>	<b>13,891</b>	<b>1,963</b>	<b>116,753</b>

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

	Amgueddfa Cymru		Consolidated	
	2017/18	2016/17	2017/18	2016/17
	£'000	£'000	£'000	£'000
Net Income/Expenditure	6,473	2,696	6,463	2,687
Share of Joint Venture	108	76	108	76
Unrealised (Gains) on market value investments	(20)	(344)	(20)	(344)
Donated Assets	(147)	0	(147)	0
Depreciation	1,557	1,336	1,590	1,360
Impairment of Fixed Asset	0	(454)	0	(454)
(Increase)/Decrease in Stocks	(8)	3	(11)	103
(Increase)/Decrease in Debtors	(1,335)	3,812	(1,387)	3,763
(Decrease)/Increase in Creditors	(547)	761	(518)	714
Increase in Provisions	569	0	569	0
FRS102 current year pension costs	1,298	101	1,298	101
<b>Net Cash Inflow from Operating Activities</b>	<b>7,948</b>	<b>7,987</b>	<b>7,945</b>	<b>8,006</b>

## 21. Analysis of Cash and Cash Equivalents

	Amgueddfa Cymru		Consolidated	
	2017/18	2016/17	2017/18	2016/17
	£'000	£'000	£'000	£'000
Cash in hand	10,593	5,526	11,423	6,412
Short term notice deposits	785	780	785	780
<b>Total cash and cash equivalents</b>	<b>11,378</b>	<b>6,306</b>	<b>12,208</b>	<b>7,192</b>

## 22. Capital Commitments

	2018	2017
	£'000	£'000
At the balance sheet date there were capital commitments of	<b>666</b>	<b>505</b>

Major commitments as at 31 March 2018 related to design and buildings consultancy fees for the essential backlog maintenance works programme. Major commitments as at 31 March 2017 related to the St Fagans redevelopment project.

## 23. Contingent Liabilities and Guarantees

As at 31 March 2018 there existed six claims against us in respect of personal injury allegedly occurring at our museums. The total potential liability for three of these is £46,650, while the maximum potential liability for the other three claims remains unknown. We continue to resist liability in these cases, and anticipate that any liability will be covered by our insurance.

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

## 24. Related Party Transactions

We are a Welsh Government Sponsored Body. The Welsh Government is therefore regarded as a related party. During the year we received funding from the Welsh Government in the form of Revenue, Capital and Specimen Purchase Grant-in-Aid and other grant referred to in note 3 to the accounts. We also received £4,520 in relation to service activities from the Welsh Government. Loans outstanding with the Welsh Government are referred to in notes 15 and 16 to the accounts.

We made the following payments to other related parties in 2017/18:

- £999 to ICOM UK. Janice Lane, Director of Gallery Development and Visitor Experience, is a board member of ICOM UK.
- £128,107 to Cardiff University. Dr Carol Bell, Vice President, is a member of the Council of Cardiff University. We also received income of £10,986 and our trading subsidiary NMGW Enterprises Ltd received income of £27,337 during the year.
- Dr Carol Bell is a Board member of the Wales Millennium Centre. Our trading subsidiary NMGW Enterprises Ltd received income of £210 during the year.
- £2,303 to Prysgr Cyf. The sister of Glenda Jones, Trustee, is a Director of Prysgr Cyf.
- £1,750 to Children's Festival of Welsh History. Rheon Tomos, Independent Member of the Audit Committee, and Carys Howell, Trustee are directors of Children's Festival of Welsh History.
- Rheon Tomos is a trustee of Urdd Gobaith Cymru. Our trading subsidiary NMGW Enterprises Ltd received income of £290 during the year.
- £110 to Pedal Power. Carys Howell is a director of Pedal Power
- Carys Howell is a director of RSPB Cymru. Our trading subsidiary NMGW Enterprises Ltd received income of £1,000 during the year
- £545 to Institute of Welsh Affairs. Eurfyl ap Gwilym, Chair of the Audit Committee, is a trustee of the Institute of Welsh Affairs
- Keshav Sinhal, Trustee is a director of Hindu Cultural Association (Wales). Our trading subsidiary NMGW Enterprises Ltd received income of £800 during the year
- Baroness Kay Andrews, Trustee, is a trustee of the Heritage Lottery Fund. Grants received from the Heritage Lottery fund are identified in note 3 to the accounts

We received a total of £11,800 in donations from Trustees (£3,380 in 2016/17).

During the year Elisabeth Elias, President (to 31 December 2017), Laurie Pavelin, Treasurer, and Glenda Jones, Trustee, served as directors of NWMS Ltd referred to in note 9 to the accounts. None of the directors receive remuneration from this company.

## **25. Financial Instruments**

Amgueddfa Cymru has no borrowings other than interest-free loans from the Welsh Government's Invest-to-Save Fund. We rely primarily on Welsh Government grant-in-aid drawn down on a monthly basis for our cash requirements which limits our liquidity risk. All assets and liabilities are denominated in sterling and so we are not exposed to currency risk. We mitigate exposure to market risk through diversification of our investment portfolio, managed by Barclays.

## **26. Prior year adjustments**

We revised our divisional structure as at 1 April 2017, and have amended the headings under Expenditure on Charitable Activities in the Statement of Financial Activities, and the headings under Note 6 Other Income in line with the new structure. The prior year comparators for 2016/17 have therefore been restated in the Statement of Financial Activities for the headings under Expenditure on Charitable Activities, and for the headings in Note 6, Other Income. More information on the impact of the restatement is provided in Note 2 and Note 6. There is no impact on overall expenditure or income reported or on funds brought forward.

We have also restated the prior year comparators for 2016/17 on the Balance Sheet and for Accruals and Deferred Income in Note 15 and Note 16 to include accruals for the buy-out of premium payments paid in instalments which are due after more than one year under Amounts falling due after one year.

## **27. Post Balance Sheet Events**

The Accounting Officer authorized these financial statements for issue on 12 July 2018. There were no post balance sheet events.