Agenda – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 22 September 2015

Meeting time: 09.00

For further information contact:

Fay Buckle

Committee Clerk

0300 200 6565

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1 Introductions, apologies and substitutions

(09:00)

2 Papers to note

(09:00 – 09:05) (Pages 1 – 4)

3 Scrutiny of Accounts 2014 –15: National Library for Wales

(09:05 – 09:50) (Pages 5 – 70)

PAC(4)-23-15 Paper 1

Research Briefing

David Michael – Director of Corporate Resources, National Library for Wales

Colin John – Treasurer of the Board of Trustees, National Library for Wales

Avril Jones – Director of Collections and Public Programmes, National Library for Wales

4 Scrutiny of Accounts 2014 –15: National Museum Wales

(09:50 – 10:40) (Pages 71 – 143)

PAC(4)-23-15 Paper 2

Research Briefing

David Anderson – Director General, National Museum Wales

Neil Wicks – Director of Finance and Corporate Resources, National Museum Wales

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

(10:40)

Items 6 & 7

6 Scrutiny of Accounts 2014 – 15: Consideration of evidence received

(10:40 – 10:55)

7 Committee Correspondence – Public Accounts Committee: Letter from the Auditor General for Wales on Concessionary Fares Scheme (17 September 2015)

(10:55–11:00) (Pages 144 – 148)

Public Accounts Committee

Meeting Venue:	**Committee Room 3 – Senedd**
Meeting date:	**Tuesday, 15 September 2015**
Meeting time:	**09.00 – 10.06**

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

This meeting can be viewed on Senedd TV at:
http://senedd.tv/en/3218

Concise Minutes:

Assembly Members:	**Darren Millar AM (Chair)** **Mohammad Asghar (Oscar) AM** **Jocelyn Davies AM** **Mike Hedges AM** **Sandy Mewies AM** **Julie Morgan AM** **Jenny Rathbone AM** **Aled Roberts AM**
Witnesses:	
Committee Staff:	**Fay Buckle (Clerk)** **Claire Griffiths (Deputy Clerk)** **Joanest Varney-Jackson (Legal Adviser)** **Matthew Mortlock (Wales Audit Office)** **Huw Vaughan Thomas (Wales Audit Office)** **Mike Usher (Wales Audit Office)**

TRANSCRIPT

View the meeting transcript.

1 Introductions, apologies and substitutions

1.1 The Chair welcomed the Members to the meeting.

1.2 The Chair welcomed Fay Buckle back as Clerk and placed his thanks to Michael Kay who clerked the Committee in her absence.

2 Papers to note

2.1 The papers were noted. Members agreed the following:

- Welsh Government investment in Next Generation Broadband – The Auditor General for Wales agreed to write to the Welsh Government to seek clarification on a number of issues
- Implementation of the National Framework for Continuing NHS Healthcare – The Chair agreed to write to the Welsh Government seeking clarification on a number of issues Member's raised.
- Glastir – The Chair agreed to write to the Welsh Government seeking an update, when available, on the updated river basin management plans and also requesting further clarification on Water Framework Directive Failures that can be traced to land managed by Natural Resources Wales.
- Unscheduled Care – The Chair agreed to write to the Welsh Government seeking clarification on a number of issues raised.
- Governance Arrangements at BCUHB – The Chair agreed to write to the Welsh Government requesting a copy of the review being undertaken by Dr Chris Jones on *GP out of hours services*, when available and to also receive data relating to the number of specific GP services co-located within hospital Emergency Departments.

2.1 Welsh Government Investment in Next Generation Broadband Infrastructure: Letter from Welsh Government (17 July 2015)

2.2 National Framework for Continuing NHS Healthcare: Letter from Welsh Government (21 July 2015)

2.3 Glastir: Letter from the Welsh Government (31 July 2015)

2.4 Unscheduled Care: Letter from the Welsh Government (7 August 2015)

2.5 Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from the Welsh Government (1 September 2015)

3 Financial Reporting Advisory Board (FRAB) Annual Report 2014-15

3.1 Mike Usher, Sector Lead for Health and Central Government at the Wales Audit Office, gave a briefing on the report, which Members noted.
3.2 The Chair agreed to write to the Permanent Secretary seeking clarification of the Welsh Government's implementation timetable for the *Simplifying and Streamlining Accounts project.*

4 Inquiry into value for money of Motorway and Trunk Road Investment: Consideration of the Welsh Government's Response

4.1 Members noted the Welsh Government response and the Auditor General's remarks to the Committee Report.
4.2 Members agreed that the Chair should write to the Welsh Government seeking further clarification of the government's response to the Report recommendations and an explanation of why they have changed their policy on erecting screens around crashes, on the A55, to deter motorists from looking at accidents.

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

5.1 The motion was agreed.

6 Scrutiny of Accounts 2014-15

6.1 Members discussed the upcoming scrutiny sessions on 2014-15 annual accounts and suggested areas they wished to be included in the relevant briefings.
6.2 The Auditor General for Wales advised that once he has audited all the annual reports and accounts for the bodies the Committee considered in 2014, he will write with an analysis of how they have taken the Committee's recommendations forward.

THE NATIONAL LIBRARY OF WALES

ANNUAL ACCOUNTS 2014/2015

TRUSTEES' ANNUAL REPORT
This Annual Report incorporates the Management Commentary, the Remuneration Report and Governance Statement.

Statutory Background
The National Library of Wales was founded by Royal Charter of Incorporation granted 19 March 1907 (and Supplemental Charter with further provisions for constitution and government on 5 September 1911). Further Supplemental Charters were granted on 27April 1978 and 19 July 2006. During 2014/2015 it was funded predominantly from Government grants provided from the Welsh Government. These accounts have been prepared in accordance with the Direction made by ministers of the Welsh Government with the approval of the Treasury under Section 9(4) of the Museums and Galleries Act 1992. A copy of the Direction is available from the Director of Corporate Services.

The Library is one of six legal deposit libraries in the United Kingdom and Ireland. It has been approved as a repository for manorial records by the Master of the Rolls in 1926; for the Archives of the Church in Wales, deposited in 1934, and the Records of the Church in Wales deposited in 1944. By direction of the Probate Division the Ecclesiastical Probate Records were transferred to the Library in 1945. In 1960 it was appointed a repository for certain records under the Public Records Act 1958. Schedule 4 to the Government of Wales Act 1998 as amended by the Government of Wales Act 2006 names the National Library of Wales as a body that may only gain functions and only with consent.

Primary Objective
The Library‟s primary objective is: to collect, preserve and give access to all kinds and forms of recorded knowledge, especially relating to Wales and the Welsh and other Celtic peoples, for the benefit of the public, including those engaged in research and learning. (Royal Charter 2006, paragraph 4.)

Charity
The Library is a registered charity, charity No 525775, VAT No 905190437, under the name of the National Library of Wales. The address is Penglais, Aberystwyth, Ceredigion, SY23 3BU.

Corporation Tax
The Library is exempt from Corporation Tax under section 505 of the Income and Corporation Taxes Act 1988.

Core Functions
The operations of the Library are characterised by continuing programmes of work rather than by short-term projects. The following core functions represent the fundamental work the Library must carry out if it is to fulfil its Charter. They therefore constitute the essential and ongoing business of the Library. It is not envisaged that these core functions will change:

1. provide an effective and timely service to near and remote users by delivery and enquiry services and by the provision of automated and manual catalogues and hand-lists,

2. collect materials by legal deposit, purchase, donation, bequest, exchange, and deposit, according to defined collection development policies drawn up in accordance with the terms of the Charter, and

3. process and store materials acquired,

4. preserve and conserve materials in the collections,

5. interpret and publicise the collections by means of guides, publications, printed and online bibliographies, exhibitions, lectures and any other appropriate means, and produce and maintain the national bibliographies,

6. provide expert and professional input and collaboration at a Welsh, UK, and international level.

These core functions are supported by appropriate management structures, effective financial controls, and staff training and development programmes.

Results and Appropriations

The accounts are prepared under Section 9(4) of the Museums & Galleries Act 1992 in a form directed by ministers of the Welsh Government with the approval of the Treasury. The Library's net incoming resources for the financial year were £2.776m (2013/14: £3.074m). The Library's incoming resources totalled £18.297m (2013/14 £16.704m) and total resources expended were £15.521m (2013/14 £13.630m). Fund balances at 31 March 2015 stood at £88.624m (31 March 2014 £84.928m). Invest to Save Funding of £0.5M received during 2014/15 was not recognised in the incoming resources, but it is recognised on the Balance Sheet in cash and creditors.

The Library‟s performance for 2014/15 against its targets was reported to the Welsh Government as follows:

		Target	Actual
1	Number of remote network users during the year	800,000	1,091,797
2	Visitor numbers	87,000	79,545
3	Number of participants in Library activities	12,000	17,531
4	Visitor satisfaction with general atmosphere	95%	95%
5	Usage of reading rooms	25,000	24,049

These are set out with supporting comments in the Library's Annual Report.

Review of Activities
The organisation‟s principal activities relate to its objects as defined above.
Development of activities is reported upon in the Annual Report of which these Annual Accounts form a part.

Financial Review
The Library‟s strategic objectives are set out in its Corporate Plan entitled "Knowledge for All". The Plan draws on the Objects that are set out in the Royal Charters and also sets out how the Library will continue to develop in a rapidly changing digital environment.
The Library‟s principal source of funds is grant-in-aid from the Welsh Government and the Library‟s financial management must conform to the terms set out in the "Management Statement and Financial Memorandum" (MSFM). Grant-in-aid for running costs is credited to Public Unrestricted funds and for capital and collections purchase grant to Public Restricted funds. The Library generates significant income through its trading activities including its shop, restaurant and photocopying services. The Library‟s private funds are used from time to time to supplement grant-in-aid and may provide additional resources for collections purchases and running costs. During the year the Library has sought contributions from trusts, funds, donations and legacies from individuals.

The Library‟s principal activities to which costs are charged in the Statement of Financial activities are:

- Voluntary income
- Fundraising trading
- Collection and preservation
- Marketing, exhibitions and education
- Conservation, and
- Governance

Costs are allocated using an apportionment system that allocates direct and indirect costs to each of the areas above. Of the total resources expended of £15.521m, the most significant areas are Marketing, Exhibitions and Education (£5.442m) and Collection and Preservation (£4.338m).

Charities Statement of Recommended Practice
The Charity Commissioners issued a Statement of Recommended Practice (SORP) for charities in October 1995 which was updated by the Charities SORP 2005. The Library has complied with the SORP since the 1996/97 accounts.

Valuation of Tangible Fixed Assets
The Library commissioned a revaluation by Cooke and Arkwright, Chartered Surveyors, of the Library‟s buildings and freehold land as at 31 March 2012 and this was updated in an interim valuation at 31 March 2015. Equipment was re-valued as at 31 March 2012 in accordance with Treasury regulations and current cost accounting directions to public bodies. Land and other tangible fixed assets are shown at either existing use value or depreciated replacement cost. Values are normally adjusted annually by indexation between each formal valuation which takes place every 5 years or, as was the case in 2014/15, where substantial changes in asset values may have happened, a valuation may be requested at an interim period.

Tangible Assets and Heritage Assets
The most significant building project undertaken during the year was the Third Library Building Offices fire repair work. This also included the reinstatement of the Tan y Bwlch server room on the ground floor

In accordance with the requirements of the Charities SORP 2005, since 1st April 2001 the Library has been required to record the value of Heritage Assets purchased in the balance sheet. These assets are considered to fall within the definition of historic or inalienable assets and are not depreciated or re-valued.

Future Developments
The Library has prepared its corporate plan, which is entitled "Knowledge for All". This document identifies the five main strategic priorities for the Library going forward from 2014-2017, which are:

- Access
- Expertise
- Sustainability
- Collaboration
- Forward thinking

The operational plan sets out a number of key objectives for 2014-2017:

- To lead a national debate on the potential for establishing a National Archive of Wales
- To proactively develop commercial opportunities and investigate new income streams
- To develop a Community Partnership Programme with other in the public sector and contribute to international research
- To Develop the Conservation and Digital Preservation Service for Wales" Documentary Heritage Project

Employment of Disabled People
The National Library of Wales operates a non-discriminatory recruitment procedure and is always prepared to consider applications from, and to appoint, disabled people. Further, the Library makes every effort to ensure that disabled employees are provided with the facilities necessary to carry out their employment effectively.

Policy on the Payment of Creditors
The Library operates a monitoring procedure to measure the Library's performance against the "Better Payment Procedure Code" and a sample of invoices paid is taken to assess performance. During 2014/15, 98.4% of the invoices received were paid within 30 days (2013/14 – 98.4%).

Consultation with Employees
The National Library of Wales communicates information to staff by various methods including staff meetings, team briefing sessions, open memoranda, memoranda to Heads of Departments, and consultation and negotiation with the Whitley Council and with the Trade Unions.

Board Members
A supplemental Royal Charter was granted by H.M. Queen Elizabeth in Privy Council on 19th July 2006. This resulted in changes to the governance structure of the Library.

The new Supplemental Charter abolished the Court and renamed the executive body as being "the Board of Trustees of the Library". It made a change in the number of members comprising the Board (reducing from 21 to 15) and the mode of appointment (increasing the number of appointments made by the Welsh Government from 3 to 8, including the President and Vice-President, and reducing appointments to be made by the Library itself to 7). Any remaining powers and duties of the former Court are to be undertaken by the Board.

Members of the Board do not receive any emoluments and the Library depends upon them to attend meetings and other events in a voluntary capacity (although the 2006 Supplemental Charter gives a power of payment, subject to the authorisation of the Charity Commission). All Board members are afforded the opportunity to receive appropriate induction and other training.

Organisational Structure
The Librarian is the Accounting Officer designated by the Welsh Government. He is assisted in his duties by the Executive Team whose details are disclosed in note 6.

The Library has one sub-committee of the Board which is the Audit Committee. This committee considers matters relating to external audit, internal audit, risk management and financial controls and the minutes are laid before the Board for approval.

Sustainability

During January 2014 the Library was assessed under the BS 8555 Environmental Management Standard and retained the level 3 accreditation. The Library has an Aspects Register that has identified the main Environmental Impacts and these are noted as being energy, paper, water, waste and transport.

The Library‟s ability to improve its environmental performance is limited by the severe reductions in funding received from the Welsh Government. The basic capital grant of £0.55m is inadequate in relation to the size and complexity of the Library‟s operations.

Figures have been re-evaluated since last year‟s report using the latest conversion factors and in line with current guidance.

Energy

Greenhouse Gas Emissions Energy Use		**2012-13**	**2013-14**	**2014-15**
Non-Financial Indicators (1,000 tCO2e)	Total Gross Emissions	1,895	1,718	1,720
	Total Net Emissions	1,895	1,718	1,720
	Gross Emissions Scope 1 (direct)	627	575	579
	Gross Emissions Scope 2 (Indirect)	1,175	1,053	1,051
	Gross Emissions Scope 3 (Indirect)	93	90	90
Related Energy Consumption (KWh)	Electricity: Non-renewable	2,554,876	2,364,472	2,358,799
	Electricity: Renewable	Nil	Nil	Nil
	Gas	3,385,455	3,124,612	3,148,131
	LPG	Nil	Nil	Nil
	Other	Nil	Nil	Nil
Financial Indicators (£)	Gas	£110,319	£97,368	£87,593
	Electricity	£242,869	£249,641	£254,366
	Total Net Expenditure on Energy	£353,188	£347,009	£341,960
	CRC License Expenditure (2010 onwards)	Nil	Nil	Nil
	Expenditure on accredited offsets (e.g. GCOF)	Nil	Nil	Nil
	Expenditure on official business travel	n/a	£87,805	£71,432

Note on Energy:

Costs are total for the site including energy supplied to adjacent building however consumptions are only for NLW buildings.

Transport is largely indirect from staff travelling to work and visitors to the Library and is not included in travel figures. The Library has made steps to address travel and the regular bus service from town to both the Library and University is now well established. A survey of staff travel has been undertaken and discussions are ongoing with TRACC to encourage different travel options. The Library operates a cycle purchase scheme and encourages staff to cycle and has provided additional lockers for staff to enable them to shower and change after cycling to work.

The Library has been collecting data from the AMR (Automatic Meter Reading system) for 30 months and we will analyse the data in order to identify the areas of energy use to enable targeting to achieve reductions. A Carbon Reduction Plan has been developed in conjunction with the Carbon Trust. The Plan has indicated that in order to achieve any significant savings considerable investment will be needed and therefore additional funds are required from the Welsh Government to implement it. Various schemes have been identified together with estimated costs and pay back periods; these will be explored and developed over the coming years as funding allows.

Waste

Waste			**2012-13**	**2013-14**	**2014-15**
Non-Financial	Total Waste		Tonnes 17.6	Tonnes 37.7	Tonnes 34.8
Indicators	Hazardous Waste	Total	N/A	15.1 Waste from fire damage	N/A
(tonnes)	Non-Hazardous	Landfill	7.8	7.1	9.69
		Landfill Skips	Not recorded	5.5	4.04
		Reused/Recycled	7.2	7.7	16.6
		Composted On Site	2.6	Nil	Nil
		Composted Off Site	Inc	2.3	4.5
		Incinerated with energy recovery	Nil	Nil	Nil
		Incinerated without energy recovery	Nil	Nil	Nil
Financial	Total Disposal Cost (Excl Fire Waste)		£2,198	£1,933	£2,858
Indicators	Hazardous Waste		N/A	N/A Contractor	N/A
(£)	Non-Hazardous	Landfill	£1,740	£1,804	£2,570
	Waste	Reused/ Recycled	N/A	£6	£24.50
		Composted On Site	£458	Nil	Nil
		Composted Off Site	Nil	£123	£264
		Incinerated with energy recovery	Nil	Nil	Nil
		Incinerated without energy recovery	Nil	Nil	Nil

Note on waste:

Horticultural waste generated on the Library"s site is composted on site. The quantity of this waste that is generated is not measured.

Water

Water Consumption			**2012-13**	**2013-14**	**2014-15**
Non-Financial Indicators (m3)	Water Consumption (Office Estate)	Supplied	6,048	6,539	7,698
		Abstracted	Nil	Nil	Nil
		Per FTE	21.37	23.44	27.69
	Water Consumption (Non-Office Estate)	Supplied	Nil	Nil	Nil
		Abstracted	Nil	Nil	Nil
Financial Indicators (£k)	Water Supply Costs (Office Estate)		£19,952	£21,909	£25,718
	Water Supply Costs (Non Office Estate)		Nil	Nil	Nil

Note on water

Water consumption in 2014/15 was in line with previous years until the final quarter when usage increased significantly. The causes were investigated and found to be caused by leaking water systems which were then repaired. The fire in April 2013 had an effect on water usage that is estimated as being in the order of 300 m^3 partially accounting for the higher water use in 2013/14; there is also an increased use of the showers which is likely to be due to an increase in staff cycling to work. New sensor taps have been fitted in the main public toilets in an attempt to reduce consumption.

Transport/Travel

Transport/Travel		**2012-13**	**2013-14**	**2014-15**
Non-Financial Indicators	Transport Scope 1 (Library Van)	11,810 Miles	12,841 Miles	13,816 Miles
		11.2 tonnes	12.2 tonnes	13.1 tonnes
	Transport Scope 3 (Car, Train, Bus & Plane)	N/A	72.9 tonnes	53.5 tonnes
Financial Indicators (£)	Transport Scope 1 (Library Van)	£3,402	£4,010	£5,320
	Transport Scope 3 (Car, Train, Bus & Plane)	N/A	£83,794	£66,113

Other

		2013-14 Reams (A4 equivalent)	2014-15 Reams (A4 equivalent)
Paper used by Staff	Printing paper used for office functions by staff	2137	1,064
Paper used by visitors/readers	Printing paper used by visitor/reads for personal copies	355	238
Other Paper/Card	Paper and card used in Library for promotional and exhibition use	62	151
Total paper used		**2,554**	**1,453**

Remuneration Report

The Library remunerates its entire staff under an agreed pay and grading system designed and introduced specifically to ensure fair and equitable treatment. The current system was developed in-house by the Finance Department and was approved by the Library‟s Executive Team and agreed with the staff unions through the collective bargaining arrangements.

All staff are covered by this system with the exception of the Chief Executive and Librarian (whose terms of appointment are agreed with the Welsh Government). An independent appeals process is in place to consider grading issues. Each year the Library, in consultation with the staff unions, considers the Library‟s remuneration package against external comparators, movements in the economy and any internal inequities that may have developed. From this a pay remit or proposal is produced and this is submitted to the Welsh Government for approval and is then formally negotiated with the unions. This results in a new pay and conditions package for the whole of the Library staff which is binding until the next round of negotiation. Incremental increases under the pay remit are dependent upon the Library‟s system of annual appraisals. Inflationary elements contained within the agreed pay remit are automatically awarded to all staff.

The Chief Executive and Librarian‟s salary consists of a basic salary with an annual unconsolidated bonus. His pay is determined by the officers of the Library (President, Vice President and Treasurer) according to guidelines issued by the Welsh Government regarding the maximum pay award for Chief Executives. In considering the amount of his pay award the performance of the Chief Executive and Librarian is compared against a set of pre-determined objectives and this evaluation of performance is considered by the officers. A percentage of the award is consolidated into his annual salary, and the balance of the award, up to a maximum of 10%, is paid as an unconsolidated annual payment.

The Chief Executive and Librarian has a permanent contract of employment and is an ordinary member of the Library‟s pension scheme.

Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library. The pay remit is approved by the Welsh Government. The senior staff have permanent contracts of employment and are ordinary members of the Library‟s pension scheme. Membership of the Executive Team is shown on page 20 and further details of the remuneration and pension benefits are shown in Note 6 (b) to the accounts.

The notice period for the members of the Executive Team is 3 months. Provision for compensation for early termination is contained within the Library‟s standard redundancy arrangement.

Charity Reserves Policy

The Charity SORP 2005 requires the Library to disclose its policy on Charity Reserves. The function of the policy is set out in note 1(g) to the accounts.

The Library‟s reserves policy for its Public Funds is to conform to the requirements of the Welsh Government‟s MSFM which sets out the financial framework under which

the Library is required to operate. The main requirement of the MSFM in relation to reserves is that only 2% of gross Grant-in-Aid can be held as cash balances, although this was relaxed to represent £4.2m during the year for balances at 31 March 2015.

The Library‟s unrestricted private funds have three main objectives:

- To contribute to the revenue costs of running the Library‟s services
- To supplement the Collections Purchase Grant to enable the Library to fulfil its collections policy
- To finance the acquisition of capital assets including equipment, buildings and computer hardware and software

The Library‟s private restricted funds can only be used in accordance with any stipulated terms of each specific bequest.

Investment Policy

In the 2014/15 financial year the Library‟s investment policy has been to maintain a portfolio that is invested in both equities and bonds. The amount that can be invested in different asset classes has been set according to an assessment of risk. The Library‟s attitude to risk is classified as "moderate", accepting that in order to achieve higher returns than placing cash on deposit there will be a consequent risk in investing in bonds and equities.

The Library has appointed investment managers, Investec Wealth & Investment, who are responsible for investing the private funds portfolio. The managers have been set a benchmark for the performance of the investment portfolio, and in 2014/15 a return of 8.57% was achieved against a benchmark of 10.22% (2013/14 6.56% against benchmark of 4.5%).

The investments were managed on a discretionary basis according to the requirements of the Trustee Investment Act 1961 and latterly the Trustee Act 2000. The performance of the portfolios is monitored and reported regularly to the Library‟s Board. At 31st March 2015 the market value of the investments and cash was £8.361m (£6.273m at 31 March 2014).

Projects

The Library has obtained additional funds in order to undertake several major projects:

Digitisation for Business (known as DigiDo) is a project to support Welsh businesses located in the Convergence region of Wales. Businesses are assisted to use the Library‟s digital collections to drive innovation and strengthen their local and global competitiveness through the development of new products or services.

As well as the Library‟s digital collections, the project provides tailored business information to address specific issues linked to digitisation for business improvement, providing higher-level specialist knowledge on a range of issues from copyright and licensing, through to digital capture, digital storage and preservation to searching current resources.

The project runs regular information events at the Library to educate businesses on the vast digital collections that are available for them to exploit commercially. There has been a series of these events that have been successful in attracting a number of businesses. Further information events are in the pipeline. Marketing of the project is undertaken through the project website (www.digido.org.uk), Joint events are held with

organisations such as the Welsh Government, Inventorium and Software Alliance Wales, with presentation at Conferences such as the Digital Past 2013 in February 2013. The project focuses on two of the Welsh Government‟s priority sectors, ICT and Creative Industries, which includes businesses in TV and new media, professional family history/genealogists, publishers, design studios, craft industries for designs (e.g. pottery, textiles, etc.), artists, research and cultural heritage.
The project was officially launched in the Pierhead building, Cardiff Bay on March 13th 2013. Speakers at the launch were Angharad Mair (Tinopolis), Elena Gruffudd (Barddas), Meic Parry (BBC), Alun Davies (Deputy Minister for European Programmes) and Andrew Green (National Library of Wales).
The DigiDo project was completed in May 2015 with a total of £1.768m EU grant being received.

Cynefin
Mapping Wales‟ Sense of Place is a three year project to digitise and web-mount the tithe maps of Wales and the associated tithe apportionments to create an online map and a linked searchable dataset.

The project is run by a partnership led by the Archives and Records Council Wales (ARCW) and includes the National Library of Wales, People‟s Collection Wales, archive offices throughout Wales as well as communities and individual volunteers. The tithe maps will be available online through the National Library of Wales and the People‟s Collection Wales (PCW).

The outputs of the project also include six community based projects which take Tithe maps as a starting point to explore themes and subjects which are of importance to them and for which the community can take ownership. Additionally workshops will be organised to promote the involvement of communities throughout Wales in this project and the use of Tithe Maps.

The Cynefin project will run until 30th September 2016 with total funding of £573,909. Funding has been externally sourced from HLF, CyMAL and ARCW amounting to 95% of the total expected expenditure.

BFI Discovery Project
The BFI‟s Unlocking Film Heritage Digitisation Fund is working to make our film heritage available for everyone in the UK to enjoy by investing in digitisation, preservation, interpretation and access with the ultimate goal of making all of the UK‟s screen heritage accessible to the public digitally.

By digitising our heritage we will ensure that the people of the UK, filmmakers, educationalists, researchers and other users can access and enjoy the full range of British filmmaking, regardless of where they live or where that film heritage is held. This unprecedented access will transform our understanding of the shape, history and diversity of film and TV in Britain.

The First World War Education Project (The Great War)
The First World War Education Project is producing learning materials that enable young people in Wales to understand how Wales and the world changed as a result of The First World War and the peace conferences. The aim of the project is to introduce these changes from a Welsh perspective using primary and secondary resources sourced mainly from Wales, developed in partnership with Amgueddfa Cymru-National Museum Wales.

The resources are cross-curricular, for both primary and secondary schools, and fully bilingual. They are designed to support The National Literacy and Numeracy Framework and the curriculum in Wales, and are available through Hwb, the NLW Education Website, and The People's Collection Wales website. Formats include iBooks, PDF worksheets, lesson plans, film clips, individual items with interpretation and interactive NearPod lessons. We are using original items from the period from the collections of The National Library of Wales, Amgueddfa Cymru-National Museum Wales and the ITV Cymru / Wales Archive that include film and video, oral histories, photographs, newspapers, paintings, maps, letters, telegrams, and archival materials.

The project is funded through Welsh Government Department of Education and Skills.

Wales at War: Education and Outreach Around the War Memorials of Wales
The Wales at War project"s aim is to develop a mobile/tablet app displaying the location of war memorials and graves. In addition a website and social media accounts will be created to support the app.

Wales at War will develop an inclusive activity for schoolchildren all around Wales that will enable them to develop biographies of the names of the War Memorials of Wales. We have been working in partnership with representatives from the armed services, and educators and schools in Wales. Funding for the project from the Armed Forces Covenant Fund, the Heritage Lottery Fund and the Welsh Government Department of Education and Skills. The project was launched at an event on HMS Westminster in Cardiff on June 27th 2014.

Going Concern
In its meeting on 21 February 2014 the Library's Board considered its financial strategy for the next 3 years. The Library would be required to cut the number of staff it employed in order to successfully address the serious projected cuts in its income. The financial strategy noted that, at some point during the 2015/16 financial year, the Board may have to consider whether the Library continued to be a going concern should it fail to cut expenditure accordingly. Consequently the Library has undertaken a series of voluntary severances with a total cost of £1.353M, of which £0.601m was incurred during the year and £0.752m was committed but not spent at the year end. The Library has identified that it needs to create further saving of £0.32m in its base budget in order that it can balance its budget. This process is being addressed through a series of detailed studies of particular areas of the library"s business.

Trustees
The Trustees have complied with their duty in Section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

Advisers

Bankers	National Westminster Bank, Aberystwyth
Solicitors	Geldards LLP, Cardiff
Internal Auditors	Baker Tilly, Cardiff
Investment Brokers	Investec Wealth & Investment

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

Aled Gruffydd Jones
CHIEF EXECUTIVE & LIBRARIAN

Colin R John
TREASURER

10 July 2015
The National Library of Wales
Aberystwyth SY23 3BU

10 July 2015

STATEMENT OF BOARD AND LIBRARIAN'S RESPONSIBILITIES

Under Section 9(4) of the Museums and Galleries Act 1992, the Board of the National Library of Wales is required to prepare a statement of accounts for each financial year in the form and on the basis determined by ministers of the Welsh Government with the consent of the Treasury. The accounts are prepared to give a true and fair view of the Library‟s financial activities during the year and of its financial position at the end of the year.

In preparing the Library‟s accounts the Board is required to:

- Observe the accounts direction issued by ministers of the Welsh Government including the relevant accounting and disclosure requirements, and apply them on a consistent basis.

- Make judgements and estimates that are reasonable and prudent.

- State whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements.

- Prepare the financial statements on a going concern basis, unless it is inappropriate to assume that the Library will continue in operation.

The Principal Accounting Officer for ministers of the Welsh Government has designated the Librarian as the Accounting Officer for the Library. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Welsh Government‟s Accounting Officer Memorandum.

Statement of the Disclosure of Relevant Audit Information
As far as the Accounting Officer is aware there is no relevant audit information of which the auditors are unaware and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any audit information and to establish that the auditors are aware of that information.

Statement of the Disclosure of Relevant Audit Information – Culturenet Cymru Ltd
So far as the directors are aware, there is no relevant audit information (as defined by Section 415 of the Companies Act 2006) of which the company‟s auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company‟s auditors are aware of that information.

Aled Gruffydd Jones
CHIEF EXECUTIVE & LIBRARIAN
10 July 2015

Endorsed on behalf of the Board by:

Colin R John
TREASURER
10 July 2015

GOVERNANCE STATEMENT

1. Constitution

The National Library of Wales („the Library‟) was established by Royal Charter on the 19th March 1907. Supplemental Charters were given to the Library in 1911 and in 1978, which revised the constitution to some extent. On the 19th July 2006 a new Supplemental Charter was granted by the Queen. The Supplemental Charter 2006 dissolved the 1978 Supplemental Charter and changed the constitution and the governance of the Library significantly. In July 2013 the Board of Trustees passed a Special Resolution to amend and alter the Statutes of the Royal Charter in accordance with the provisions of Article 9 of the Charter. The Library is also a registered charity (registered number: 525775) and a Welsh Government Sponsored Body. A Framework Document drawn up by Welsh Government in 2010 and in consultation with the Library sets out the details of the terms and conditions under which the Welsh Ministers provide grant-in-aid to the Library.

2. Objective

The Library‟s primary objective is: *to collect, preserve and give access to all kinds and forms of recorded knowledge, especially relating to Wales and the Welsh and other Celtic peoples, for the benefit of the public, including those engaged in research and learning.* (Royal Charter 2006, paragraph 4.)

3. The Governance Framework

This Governance Statement forms part of the Library‟s Governance Framework. A formal Governance Framework was adopted by the Board of Trustees in September 2013, together with an „Assurance Framework relating to Risk Management‟. The Framework lays down the key responsibilities of the Board of Trustees and Executive Team of the National Library of Wales; the Board‟s powers of delegation; the conduct expected of the Board; and proceedings of the Board.

4. How the Library is governed

4.1 Board of Trustees

The governing authority of the Library is the Board of Trustees which 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.

Trustees are appointed by the Welsh Government and the National Library of Wales, in numbers set out within the Royal Charter and in accordance with the principles of open selection as recommended by the Nolan Review. All new appointees follow an induction programme, supported by a comprehensive governance companion handbook, shortly after their appointment. Members are not remunerated.

The Library‟s Board of Trustees consists of 15 trustees. Eight trustees are appointed by the Welsh Government and seven by the Library. The trustees include the three Officers of the Library - the President, the Vice-President and the Treasurer. The

President and Vice-President are appointed by the Welsh Government and the Treasurer is appointed by the Library.

The relationship between the Library and the Welsh Government is regulated by a „Framework Document‟ and monitored by the Library‟s sponsor department in the Welsh Government, currently CyMAL: Museums, Archives and Library Wales. Regular meetings take place with the Welsh Minister with portfolio responsibility for the Library (currently the Deputy Minister for Culture, Sport and Tourism) and his officials.

The Library is also accountable to the National Assembly.

The Wales Audit Office is the Library‟s auditor under the Libraries and Museums Act.

The current Trustees are:

Ministerial Appointees:

Lord Aberdare
Tricia Carter* (Vice President)

Phil Cooper
Susan J. Davies

Roy Evans*
Sir Deian Hopkin (President)

Enid Morgan
Huw Williams*

Library Appointees:

Colin R. John (Treasurer)*
Wyn Penri Jones* (Chair of Audit Committee)
Roy Roberts

Michael Trickey
Gareth Haulfryn Williams
D. Hugh Thomas

* Also Audit Committee Members

There is currently a vacancy on the Board following the death of Mr John Gittins in January 2015.

Trustees are required to act solely in the interest of the charity, not to act as representatives or delegates of particular sectors or constituencies or their appointor.

Although the Trustees are ultimately responsible for all that the Library does, the non-executive status of the Board means that in order for the Library to discharge its responsibilities appropriately and effectively, the day-to-day operational management is delegated to the Chief Executive and Librarian who is also the Library‟s Chief Accounting Officer. A number of matters, however, remain reserved to the Board. These are:

- ensuring that the Library fulfils its objectives, general functions and duties and appropriately exercises the legal powers vested in it, under the Charities Act 2011 and other legislation;
- determining the overall strategic direction of the Library within resource limits;

- monitoring the performance of the Chief Executive and Librarian and his team, holding them to account for the exercise of their delegated powers and delivery against plans and budgets;
- promoting and protecting the Library's integrity and reputation;
- ensuring high standards of governance that command the confidence of all of the public, the Library's funders and regulator as well as its staff.

Members of the Executive Team as at 31 March were:

Chief Executive and Librarian and Accounting Officer
Aled Gruffydd Jones MA, PhD, FRHistS

Director of Corporate Service and Head of Finance
David H Michael CPFA, MCIPS

Director of Collection Services
Avril Jones BA, DipLib, AMInstLM

4.2 Audit Committee

4.2.1 Introduction

The Board has only one standing committee which is the Audit Committee. The scope of the Committee is defined in its Terms of Reference. It encompasses all the assurance needs of the Board of Trustees and Accounting Officer. Within this, the Audit Committee will have particular engagement with the work of Internal Audit and the work of the External Auditor and financial reporting issues.

The Audit Committee, in accordance with the Committees Terms of Reference, has held bilateral meetings with the Accounting Officer, and with the Internal Auditors and the External Auditor and with the Chair of the Board.

The Committee comprises five Board members and two external independent members. The current members are: Wyn Penri Jones (Chair); Colin R. John (Trustee and Treasurer); Tricia Carter (Trustee and Vice-President); Roy Evans (Trustee); Mererid Jones (Independent Member); Rob Gray (Independent Member). A Trustee vacancy was created in January 2015 following the untimely death of Mr John Gittins. John had been a diligent and commendable member of the Audit Committee for six years. Mr Huw Williams was appointed to replace John on the Audit Committee. The Library‟s internal auditors and representatives from the Wales Audit Office also attend meetings of the Audit Committee and the Library‟s sponsoring division, CyMAL, reserves the right for a representative to attend one meeting a year.

The Library‟s internal audit is provided by Baker Tilly in compliance with the standards defined in the Public Sector Internal Audit Standards and report independently to me on an annual basis on the adequacy and effectiveness of the Library‟s system of internal control, together with recommendations for improvement. Regular Internal Audit Progress Reports are produced by the Library‟s Internal Auditors and presented to the Audit Committee to allow members to review and challenge assurance statements and other evidence provided by management; thus affording authoritative succour.

4.2.2 Frequency and reporting

The Committee met five times during the period 1 April 2014 – 31 March 2015. The minutes of each meeting of the Audit Committee are presented to the Board by the Chair of the Committee, who also brings to the attention of Trustees any issues that merit special attention.

4.2.3 Main activities

The Auditor General issued an unqualified opinion on the 2014-15 annual accounts.

Matters discussed during the year that were of major concern to Members of the Audit Committee included the financial viability of the Library in the medium term. See 7.1 below.

A security incident report that had identified a potential personal data security breach was presented to the Audit Committee and considered in detail by Members. The breach was identified after a user reported that they had inadvertently accessed another user‟s patron edit page. However, the incident had not been considered sufficiently serious to necessitate referring to the Information Commissioner. Whilst welcoming the way staff had dealt and learnt from the incident, Members concluded that the current relevant computer system should be replaced as a matter of urgency, especially as the original providers were no longer trading.

A number of internal audits were conducted during the year and the overall opinion in the Internal Auditors Annual report was as follows:

Area Audited	**Overall Opinion**
Governance	Green
Risk Management	Amber
Internal Control	Amber

The internal auditor‟s Governance opinion was based on their review of the Library‟s compliance with the Voluntary Governance Code for the Third Sector in Wales. It concluded that the Library had appropriate controls in place to satisfy each of the principles of the Code, and on that basis the auditors provided a Green level of assurance.

One risk based assurance review was undertaken during the year. The review considered the project management arrangements of the Rhyfel Byd 1914-18 a‟r Profiad Cymreig / Welsh Experience of World War One 1914 -18. This was given an Amber/Green level of assurance.

It was also noted that there had been no changes to the Library‟s risk management process which had previously been subject to audit review and found to be adequate. On this basis the auditors gave an Amber level of assurance, which was consistent with the previous year.

As regards to Internal Control, the internal auditors undertook six assurance reviews. Of these, three were given Green assurance opinions, two Amber/Green and one Red. The overall level of assurance was Amber.

The internal auditors were asked by the Chief Executive and Librarian to undertake a compliance review of Procurement and Goods and Services in the Public Services Department in response to concerns as regards to non-compliance of procurement rules and guidelines. The auditor‟s report highlighted that despite a well-defined control framework, there was substantial evidence on non-compliance with the financial regulations which had led to the failure to achieve value for money. The Report was assigned a Red level of assurance which led to the implementation of the Library‟s disciplinary policy resulting in the demotion of a senior manager and one other member of staff by the Chief Executive and Librarian. This led to an Employment Tribunal hearing where it was decided that (1) both claimants had been unfairly dismissed and (b) both had contributed to their dismissal in the extent of 10%. Prior to the Employment Tribunal hearing one of the officers had resigned his post and the other officer applied successfully for voluntary redundancy and left the services of the Library at the end of March 2015.

The Library‟s Board of Trustees has agreed to commission an external independent review of the Library‟s disciplinary policy and other matters, which had led to a hearing before an employment tribunal which concluded that two members of staff had been unfairly dismissed.

5. Board performance and effectiveness

A review of the Audit Committee‟s effectiveness was undertaken in January 2015 and a review of the Board‟s effectiveness during February 2015. The conclusions of both Reviews together with relevant action plans will be presented and discussed by the Board of Trustees in due course.

The Trustee and Audit Committee Member appraisal process, with the aim of evaluating the contribution of each individual member to the work of the Board and Committee, has continued during 2014/15. The process has also allowed the President and Chair of Audit to address any issues they may wish to discuss with individual Members.

6. Board Meetings

During the period, 6 scheduled Board meetings were held and 1 additional meeting to consider matters pertaining to the operational transformation plan. Out of a possible maximum of 90 member attendances, a total of 86 were made. The minutes of the Board are published and available on the Library‟s website. The Board considers that the information and data provided to it is sufficient for it to fulfil its responsibilities.

The Board lost one member during the year. Mr John Gittins who had been a Member of the Board of Trustees since 2007 and who would have retired in September 2015, made a significant contribution to the work of the Board and Library and his support will be sorely missed. He was also a Trustee member of the Audit Committee and the Library‟s Superannuation Scheme Board.

Mr Phil Cooper and Dr Susan Davies commenced their duties as Trustees during the year and Mr David Barker‟s second term of office expired in November 2014.

7. Significant issues considered by the Board

7.1 Financial Constraints

The financial fragility of the organisation has been recognised by Trustees – and discussed on several occasions – as a major risk factor to the organisation. At the start of the 2014/15 financial year the Board of Trustees had considered its financial strategy for the impending 3 years when it was reported that the organisation would be required to reduce the number of employees in an attempt to address the significant Grant in Aid reduction. All are cognizant that failure to cut expenditure could lead to the organisation‟s insolvency. A number of cost-reducing measures had previously been undertaken by the Executive Team, for example, a number of posts had not been filled as they became vacant which included senior management positions. The budget reductions follow a sustained period of almost a decade where the grant has failed to keep pace with inflation. The scope for efficiency improvements is limited, and the Library plans to lose staff in order to remain financially viable. The Library also needs to release revenue resources in order to implement its new strategy which will align its outputs more closely with the policies of the Welsh Government. This will require the creation of further savings and also changing staff‟s roles and responsibilities.

The Library has received Invest-2-Save funding to finance the loss of staff through redundancy and early retirement schemes which commenced in 2014/15. The medium and long term financial sustainability of the Library will depend upon the Library significantly reducing the number of staff it employs. At the same time as this, issues of staff pay need to be addressed. From 1 January 2015 the Library will meet the Living Wage requirements and, as the financial issues are resolved, address the issues of staff pay in general.

7.2 Corporate Restructuring Programme

A corporate restructuring programme was launched in September 2014 in response to reductions in the Grant in Aid and the evolving needs of users, potential users and stakeholders. The case for change and its direction has been rehearsed at numerous Board meetings. The first phase of transformation was a programme of restructuring, initiated in October 2014, and the second phased focused on people, processes, projects and space. The shifts in working practices and organisational culture that follow from these changes will enable the Library to move towards a distinctly outward looking, dynamic, customer-focused organisation with implementation, delivery and impact at its core. Whist revised structures and the use of communications technologies will enhance the Library‟s services, ultimately, improved levels of service can only be achieved through a combination of the skills, motivation, and professional dedication of the Library‟s staff. Investment in staff will form a key element of transformation. Clearly remuneration packages will form an intrinsic part of the mix, giving the Library competitive advantage in attracting and retaining appropriately skilled staff.

The restructuring programme will result in a reduction in staff numbers primarily by means of voluntary redundancy, retirement and redeployment. Regrettably, albeit inevitably, a number of compulsory redundancies were required. While these reductions

in staff numbers would enable the Library to meet its current financial challenges, the Board remain mindful of the need to ensure that the appropriate staff resources be in place to deliver the strategy.

7.3 The Library building

The Board commissioned the preparation of a short term (5 year) Building Asset Maintenance Programme that would be costed, measured as basis for mature deliberation. Welsh Government is aware of the additional funds required for immediate maintenance work to ensure compliance with statutory health & safety requirements and thus safeguard both its iconic status and a reliable repository.

In 2014-15 Welsh Government has provided the Library with additional capital investment in the Library‟s building and infrastructure to enable essential remedial and development work. The substantial building work will be completed in 2015/16, including the Courtyard Infill project

7.4 Pension Scheme

During the year the Library was informed by the Treasury through Welsh Government that the organisation had to make changes to its pension scheme to ensure that it was "sustainable" in line with the Hutton report. The fact that the Scheme was fully funded did not seem to be a factor in the assessment and Trustees were concerned to learn that the changes that have been made to the Civil Service Pension Scheme had resulted in a rate increase of 2% higher than the Library in employers‟ contribution. The Library is seeking to be exempted from these changes, and an application has been submitted to Welsh Government and the Treasury.

7.4 The serious fire of 26 April 2013

Discussions are continuing between the Library, its legal advisors, the liquidators of the roof contractor and the Welsh Government concerning this matter.

7.5 Co-location of the Royal Commission on the Ancient and Historical Monuments of Wales

Discussion have been held during 2014/15 at Board level and with external partners, including Welsh Government, with a view of putting arrangements in place to locate the National Monuments Record and associated services at the Library. Additional capital funding was agreed from Welsh Government to allow this to happen. Negotiations between the Library, the Commission and Welsh Government have been constructive and should lead to a resolution that will suit both institutions.

8. Code of Best Practice on Corporate Governance

So far as the Accounting Officer and Board are aware, there is no relevant audit information of which the Library‟s auditors are unaware, and the Accounting Officer and Board have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Library‟s auditors are aware of that information. The Library has acted in accordance with the Good Governance Code: A Code for the Third Sector in Wales and the Board of Trustees will have ensured, again in accordance with this particular code of practice, that the Library has robust governance arrangements in place to promote high performance and safeguard propriety and regularity. .

In 2014 the Library supported the Secretary of the Board of Trustees in gaining a professional qualification in corporate governance; he has gained valuable and practical experience of applying the learning within and to the benefit of the Library. Consequently the Library is in an excellent position to appraise its own corporate governance practices and to ensure that the institution not only adheres to good practices but also continually improves its governance. The codes mentioned above are useful tools for organisational self-assessment. The Secretary, with the full knowledge and cooperation of the Executive Team, ensures that the Audit Committee (as well as internal and external auditors) and the Board of Trustees are made aware of any relevant audit information and that sufficient time is put aside to discuss any relevant issues.

As a registered charity the Library has not only acted in accordance with the Charity Commission‟s Hallmarks of an Effective Charity and The Essential Trustee guidelines and codes of practice but has also made our trustees aware of these important guidelines.

9. Risk Management

The Library‟s system of internal control as laid down in its „Assurance framework relating to Risk Management‟ is based on an on-going process designed to identify and prioritising the risks to the achievement of its Strategy and annual Operational Plan; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. This on-going process was again carried out in the Library during the year ended 31 March 2015 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

In its corporate risk register the Library has identified, documented, assessed and considered the key strategic and operational risks relating to the Library‟s activities. These have also been considered by the Executive Team and action has been taken as appropriate to manage them. The Library has used the Core Brief system (a means of communicating key corporate messages to staff) to inform staff of their duties in relation to risk management and encourage them to contribute to the process.

The Library‟s corporate risk register is reviewed and updated twice annually and each department director is required to contribute to this process. Risks identified are included in the risk register and assessed as to whether they pose a strategic, operational, financial, or compliance risk. Risks are then graded as to whether their impact would be high, medium or low and the same assessment is made of their

probability of occurrence. Roles and responsibilities in relation to risk management have been approved for the Audit Committee, internal audit, the Chief Executive and Librarian and Heads of Directorates and their staff. The Audit Committee also receives written reports on the updated risk register twice per year.

The Library‟s appetite for risk can best be described as moderate. In order to put this in context, the Library cannot afford to be as risk averse as the Civil Service. This is because it is a leader in many specialist areas such as digitisation where experimentation is required and there will inevitably be some failures, and also there is a constant pressure to maximise the level of service provided to the public and minimising the associated cost. However, it is not the type of organisation that can afford to be reckless as it has its reputation to uphold and is largely funded from the public purse. Consequently, the Library is prepared to take a higher level of risk in certain areas whilst recognising that there may be some negative outcomes from time to time.

The most significant risk to the Library in the future relates to the possibility of further reductions in Welsh Government Grant-in-Aid as a result of future pressures on UK public expenditure, to a level where the Library is unable to deliver its objectives. The Library has already taken action to address the need to reduce costs to match income receivable. However, the possibility of further cuts to income cannot be ruled out.

The Library has implemented policies and procedures that ensure compliance with the requirements of the Data Protection Act 1988. There will be very few instances where personal data would be provided to a third party, for example to the Actuary, either as part of the triennial valuation process or individual calculations. Supply of data to third parties requires the approval of a senior member of the Library.

The Audit Committee receives copies of all internal audit reports for consideration and monitors the adequacy of management responses to those recommendations which address risks and weaknesses in internal control. The minutes of the Audit Committee are reported by its Chair to the Library‟s Board for approval.

Looking Forward

The Library is facing period of unprecedented change and the challenge of leading the organisation through this period should not be underestimated. During recent months much time has been spent in aligning resources to strategic goals. The aim of our operational transformation plan was to design an inclusive, dynamic, resilient, sustainable organisational structure that aligns to the delivery of our Knowledge for All Strategic Plan. We shall continue to enhance our public service and further broaden our range of users. The progress of the Strategic Plan will be regularly measured against targets agreed by the Library‟s Board of Trustees and Welsh Government through CyMAL. We shall endeavour to increase the „impact‟ of the Library on communities and individuals‟ lives. It‟s our aim that the National Library, as a national institution, will continue to make a significant difference to the culture, the society and the economy of the whole of Wales. We shall be responsive to our users, both present and future. We will inspire our learners, of all ages, support our business sector and promote Wales‟s image abroad. Every effort will be made to ensure that the collections of the National Library of Wales are increasingly accessible in every home in Wales, irrespective of the tough challenges we face.

Aled Gruffydd Jones
Chief Executive, Librarian and Accounting Officer
10 July 2015

Endorsed on behalf of the Board by:

Colin R John
Treasurer
10 July 2015

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the National Library of Wales for the year ended 31 March 2015 under the Museums and Galleries Act. These comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Librarian and auditor

As explained more fully in the Statement of Librarian Responsibilities, the Librarian is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Museums and Galleries Act and National Assembly for Wales directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board‟s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Library of Wales‟ circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Library of Wales; and the overall presentation of the financial statements.

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

In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the National Library of Wales affairs as at 31 March 2015 and of its surplus, recognised gains and losses and cash flows for the year then ended; and

- have been properly prepared in accordance with the National Assembly for Wales directions issued under the Museums and Galleries Act.

Opinion on Regularity

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

Opinion on other matters
In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with National Assembly for Wales directions made under the Museums and Galleries Act; and

- the information which comprises various items included within the Annual Report is consistent with the financial statements.

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

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report
I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

29 July 2015

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2015

		PUBLIC FUNDS		PRIVATE FUNDS		2014/15	2013/14
	Notes	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
INCOMING RESOURCES							
Trading Income	4	572				572	506
Donations and bequests	8			1,196	28	1,224	588
Investment Income	8			164	24	188	184
Other Grants	3	1,637	47			1,684	1,516
Government Grants	2	10,541	4,088			14,629	13,910
TOTAL INCOMING RESOURCES		12,750	4,135	1,360	52	18,297	16,704
RESOURCES EXPENDED	5						
Cost of Generating Funds							
Voluntary Income		91	8	26	3	128	136
Fundraising trading		470	41			511	737
Direct Charitable Expenditure:							
Collection & Preservation		3,995	342			4,337	4,021
Marketing, Exhibition & Education		5,002	428	2	10	5,442	5,451
Conservation		1,429	122			1,551	1,684
Governance		1,299	111			1,410	1,203
Exceptional item	22						
Roof		39				39	438
Tribunal		88				88	0
Severance		1,353				1,353	0
Third Library Building Phase3			652			652	0
Total Resources Expended		13,766	1,704	28	13	15,511	13,670
Pension Finance Costs	5	10				10	(40)
TOTAL RESOURCES EXPENDED		13,776	1,704	28	13	15,521	13,630
NET INCOMING/ (OUTGOING) RESOURCES BEFORE TRANSFERS		(1,026)	2,431	1,332	39	2,776	3,074
Gross transfers between funds			(289)	289		-	-
NET INCOMING/ (OUTGOING) RESOURCES FOR THE FINANCIAL YEAR		(1,026)	2,142	1,621	39	2,776	3,074
Gain/(Loss) on disposal of tangible Fixed assets	7						-
Gain on disposal of assets intended for investments	8			158	22	180	87
Unrealised Gains/(losses) on: Investments	8			243	5	248	142
Tangible Fixed Assets Revaluation	7		(2,808)			(2,808)	4,071
Gifts to Collection	10				210	210	200
Actuarial gains(losses) on defined benefit pension scheme	21	3,090				3,090	(6,170)
NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR		2,064	(666)	2,022	276	3,696	1,404
FUND BALANCES BROUGHT FORWARD AT 1 APRIL	13	(7,572)	79,614	5,487	7,399	84,928	83,524
FUND BALANCES CARRIED FORWARD AT 31 MARCH	13	(5,508)	78,948	7,509	7,675	88,624	84,928

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 33 to 55 form part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2015

	Notes	31st March 2015 £000		31st March 2014 £000
FIXED ASSETS				
Tangible Assets	7	61,571		64,289
Heritage Assets	10	19,435		18,744
Investments	9	8,361		6,273
		89,367		**89,306**
CURRENT ASSETS				
Stocks		55		50
Debtors	11	1,844		753
Bank		5,124		3,716
		7,023		4,519
CREDITORS				
Bank		(404)		(202)
Amounts falling due within one year	12	(1,712)		(415)
		(2,116)		(617)
NET CURRENT ASSETS		**4,907**		**3,902**
Net assets excluding pension scheme liability			**94,274**	**93,208**
Defined benefit pension asset (liability)	21		**(5,650)**	**(8,280)**
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			**88,624**	**84,928**
FUNDS	13			
Public Unrestricted		141		708
Pension Reserve		(5,650)		(8,280)
Total Public Unrestricted Funds		**(5,508)**		**(7,572)**
Public Restricted		78,948		79,614
Private Unrestricted		7,509		5,487
Private Restricted		854		788
Private Restricted Collections		6,821		6,611
		94,132		**92,500**
			88,624	**84,928**

The notes on pages 33 to 55 form part of these accounts

Aled Gruffydd Jones
CHIEF EXECUTIVE AND LIBRARIAN
10 July 2015

Colin R John
TREASURER
10 July 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

		2014/15	2013/14
		£000	£000
Net cash inflow from operating activities	15	5,140	3,974
Capital Expenditure and Financial Investment	16	(3,555)	(2,059)
Management of liquid resources	17	(379)	175
(Decrease)/Increase in Cash		1,206	2,090

The notes on pages 33 to 55 form part of these accounts.

NOTES TO THE ACCOUNTS AT 31 MARCH 2015

1. ACCOUNTING POLICIES

(a) **Accounting Conventions**

The accounts are prepared under the historical cost convention, modified to include the revaluation of fixed assets, and comply with the Statement of Recommended Practice "Accounting by Charities" issued by the Charity Commissioners for England & Wales and the 2000 Accounts Direction issued to the Library by the National Assembly for Wales Government. The accounts are prepared on a going concern basis.

Without limiting the information given, the accounts meet the requirements of Accounting Standards issued or adopted by the Accounting Standards Board in so far as those requirements are appropriate. The Accounts Direction does not require the Library to produce a summary income and expenditure account or note of historical cost on surpluses or deficits.

The Accounting Officer authorised these financial statements for issue on 10 July 2015.

(b) **Incoming Resources**

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met. Grant-in-Aid is received from the Welsh Government for running costs and capital expenditure. All Grant-in-Aid is recognised in the SOFA in the year of receipt. Other grants received are recognised on receipts basis when grant conditions are met. Donations, legacies and voluntary income are accounted for when received. Transfers from private funds are accounted for after consideration of movements in working capital. Income received relating to subsequent accounting periods will be treated as deferred income.

(c) **Expenditure**

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. Expenditure is recognised in the Statement of Financial Activity on receipt of goods and service.

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources.

Transfers from Unrestricted Private Funds are made at the year end to supplement Grant-in-Aid funding.

Fund-raising and publicity costs are those incurred in seeking voluntary contributions for the Library and in publicising the Library.

Governance costs are those incurred in connection with the management of the Library‟s assets, organisational administration and compliance with constitutional and statutory requirements.

(d) **Heritage assets**

For the purposes of the SORP 2005 the collections are treated as Heritage assets

Prior to 1st April 2001, the Library‟s collection had not been capitalised in the balance sheet. Purchases for the collection were charged to Restricted Public Funds in the Statement of Financial Activities in the year of acquisition. In accordance with the requirements of the Charities SORP 2005, purchases for the collection are capitalised in the year of acquisition and held at historic value; these assets are not re-valued or indexed.

Donations of items to the collections are accounted for when received at an estimate of their market value. These assets are not re-valued or indexed.

Heritage Assets are not depreciated because they have indefinite life.

Carrying amount of an asset will be reviewed only where there is evidence of impairment.

(e) **Stocks**

The cost of stocks of re-saleable items for the Library‟s shop has been recognised in the balance sheet at the lower of cost or net realisable value.

(f) **Foreign Currency Transactions**

Assets and Liabilities denominated in foreign currencies have been converted at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of transaction.

(g) **Fund Accounting**

Public and private unrestricted funds are available for use at the discretion of the Board in furtherance of the general objectives of the Library.

Public restricted funds represent Capital and Purchase Grants received from the Welsh Government for specific purposes.

Private restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal.

(h) **Investments**

Investments are stated at market value at the balance sheet date. Gains and losses on disposal are credited or charged to the Statement of Financial Activities. Movements in the market value of investments held

at the yearend are also reflected in that statement in accordance with the Statement of Recommended Practice for Accounting for Charities.

(i) **Tangible Assets**

Land and Buildings are shown at existing use value or depreciated replacement cost in the case of specialised buildings. An external valuation is obtained every five years and appropriate indices are used to change that valuation in the intervening years or where substantial changes in asset values may have happened, a valuation may be requested at an interim period. Motor vehicles and equipment are shown at depreciated replacement cost.

Plant, machinery and equipment are shown at current replacement cost less an allowance for depreciation. They are reviewed on a sample basis to ensure that they have not become obsolete. Valuations are updated annually using appropriate indices. Gains and losses arising from revaluations are taken to the Statement of Financial Activities in the year in which they arise.

Depreciation is provided in full in the year of acquisition, at rates calculated to reduce each asset to its estimated residual value evenly over its expected useful economic life, as advised by the valuers as follows:

Freehold buildings	- up to 125 years
Plant, machinery and equipment	- up to 30 years
Computer equipment	- up to 8 years
Motor Vehicles	- up to 5 years

Freehold land is not depreciated.

Collection Purchases are not depreciated

The threshold for capitalisation is £5,000, but equipment below this threshold is also capitalised where it forms part of a network or project.

(j) **Pension Costs**

The Library operates its own superannuation scheme which provides benefits based on final pensionable salary. Contributions to the scheme are charged to the statement of Financial Activities so as to spread the cost of pensions over employees working lives. The charge to the Statement of Financial Activities is calculated based upon the current service cost as calculated by the scheme actuary.

(k) **Taxation**

The Library has been granted charitable status by the Inland Revenue. Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the Statement of Financial Activities or capitalised if related to a fixed asset.

2. GOVERNMENT GRANTS

	2014/15 £000	2013/14 £000
Unrestricted		
Grant-in-Aid*	**10,541**	**10,121**
Grant-in-Aid – cost of fire	**-**	**470**
Restricted		
Purchase Grant	**305**	**305**
Capital	**483**	**542**
Capital – Courtyard Infill	**3,300**	**-**
Capital – cost of fire	**-**	**2,472**
Total grant received from Welsh Government	**14,629**	**13,910**

*£600,000 additional Grant- in-Aid was received during the 2014/15 year and GIA will be reduced by £300K in 2015/16

3. OTHER GRANTS

	2014/15 £000	2013/14 £000
Restricted		
Capital	**47**	**47**
Unrestricted		
EU Grants	**280**	**586**
Others		
The Great War	**275**	**0**
Libraries Inspire	**263**	**255**
People"s Collections Wales	**224**	**224**
All Other	**595**	**404**
	1,684	**1,516**

4. OTHER INCOME

	2014/15 £000	2013/14 £000
Unrestricted		
Sales	**287**	**215**
Bank Interest	**1**	**0**
Catering	**211**	**216**
Miscellaneous	**67**	**70**
Car Park	**6**	**5**
	572	**506**

5. TOTAL RESOURCES EXPENDED BEFORE NOTIONAL COSTS

	Staff Costs	Staff Costs – Support	Other Direct Costs	Other Direct Costs – Support	Depre-ciation	**2014/15**	2013/14
	£000	£000	£000	£000	£000	**Total £000**	Total £000
Charitable Expenditure							
Voluntary income	64	19	33	4	8	**128**	136
Fundraising trading	95	28	176	171	41	**511**	737
Collection & Preservation	2,839	837	161	158	342	**4,337**	4,021
Marketing, Exhibitions & Education	2,423	714	957	920	428	**5,442**	5,451
Conservation	935	276	111	107	122	**1,551**	1,684
Governance	496	146	333	324	111	**1,410**	1,203
Exceptional item			1,480		652	**2,132**	438
	6,852	**2,020**	**3,251**	**1,684**	**1,704**	**15,511**	13,670
Pension Finance Cost	10					**10**	(40)
Total Resources Expended Before Notional Costs	**6,862**	**2,020**	**3,251**	**1,684**	**1,704**	**15,521**	13,630

The fee for external audit work of the accounts for the year 2014/15 is £27,574 (2013/14 £35,021) and has been included in management and administration.

WEFO grant expenditure is included in Marketing, Exhibitions and Education amounting to £365,627 during 2014/15 of which £280,078 was re-claimable. Revenue expenditure regarding the fire has been included in exceptional items totalling £38,851.

We undertook a Voluntary Redundancy Scheme during the year, which was taken up by 9 employees, incurring costs of £601,544 (2013/14 £5,655). A further £752,230 was committed and accrued for an additional 18 employees but not spent at the year end.

6. STAFF COSTS

(a) Total Staff Costs

	2014/15	2013/14
	£000	£000
Salaries and Wages	6,272	6,173
Social Security Costs	460	460
Current Service Cost	2,140	1,670
	8,872	8,303
Pension Finance Cost	10	(40)
	8,882	8,263

There were no agency or short term contractors employed.

The average monthly number full time equivalent staff employed by the Library during the year was:

Staff Numbers	2014/15	2013/14
Voluntary income	2.40	3.13
Fundraising trading	3.52	8.46
Collection & Preservation	105.37	122.31
Marketing, Exhibitions and Education	89.94	86.43
Conservation	34.72	40.04
Governance	18.41	17.59
Total	254.36	277.95

The Board do not receive any emoluments. The total amount of travel, subsistence, and hospitality expended by the Library for its committee members was £6,458 (2013/14 £9,538) this was claimed by 10 members.

(b) Remuneration of Executive Team (previously known as Senior Management team)
The following payments were made to members of the Executive Team:

	2014/15				2013/14			
	Consolidated Salary £	Unconsolidated Salary £	Real Increase (decrease) in Pension Benefits £	Single Total Figure of Remuneration £	Consolidated Salary £	Unconsolidated Salary £	Real Increase (decrease) in Pension Benefits £	Single Total Figure of Remuneration £
Prof AG Jones Librarian	90,000	0	25,530	115,530	60,000	0	12,525	72,525
Ms A Jones Director Collection Services	63,178	2,723	22,300	88,201	61,990	n/a	(2,304)	59,686
Mr. R A Jones Director of Public Services	5,166	4,292	1,160	10,618	61,990	n/a	6,146	68,136
Mr. DH Michael Director of Corporate Services	63,178	2,966	12,180	78,324	61,990	1,550	12,376	75,916
Mrs M Foster Acting-Director of Public Services 14.04.14 to 20.12.14	35,360	1,403	8,520	45,283	n/a	n/a	n/a	n/a

The Librarian"s consolidated salary is determined by the officers of the Library according to guidelines issued by the Welsh Government regarding the maximum consolidated pay award for Chief Executives. The Librarian"s salary was 4.18 times the median salary (£21,527) of the Library. Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library. The senior staff members all have permanent contracts of employment and are ordinary members of the Library"s pension scheme.

The Remuneration Report must include a Single Total Figure of Remuneration including salary and pension benefits. The amount of pension benefits for the year which contributes to the single total figure is calculated in a similar way to the method used to derive pension values for tax purposes, and is based on information received from the Scheme"s Actuary.

The value of pension benefits is calculated as follows:

(real increase in pension* x20) + (real increase in any lump sum*) – (contributions made by member)

*excluding increases due to inflation or any increase of decrease due to a transfer of pension rights.

The multiplier of 20 is specified in the disclosure requirements. The Library has used this figure in order to comply with the guidance.

This is not an amount which has been paid to an individual by the Library during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person‟s salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

The pension entitlements of the Library‟s senior staff with responsibility for running policy-making departments are disclosed as follows:-

	Cash Equivalent Transfer Value at 31/3/14	Total Accrued Pension at 31/3/15	Lump Sum at 31/3/15	Cash Equivalent Transfer Value at 31/3/15 or date left scheme if earlier	Increase in accrued pension net of inflation	Increase in lump sum net of inflation	Increase (Decrease) in transfer value net of inflation
	£	£	£	£	£	£	£
Prof AG Jones Librarian	20,200	1,870	5,610	44,060	1,110	3,330	23,620
Ms A Jones Director of Collection Services	576,550	26,650	79,950	574,830	970	2,900	(8,640)
Mr RA Jones Director of Public Services	229,670	17,780	53,340	290,160	50	160	60,260
Mr DH Michael Director of Corporate Service	234,340	15,850	47,550	293,160	530	1,580	56,010
Mrs M Foster Acting-Director of Public Services	88,790	10,230	30,690	139,040	370	1,120	49,540

The National Library of Wales Staff Superannuation Scheme is a funded final salary scheme. The accrued pensions and lump sums are the amounts that would be paid from Normal Retirement Date if the member left service at the relevant date. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits, including any Additional Voluntary Contributions and transfers in of service, accrued by the member at a particular point in time. The transfer values have been calculated in accordance with the guidance note "GN11" published by the Institute of Actuaries and Faculty of Actuaries. The assumed rate of price inflation was 1.2%.

(c) Pension Scheme

The Library operates a funded pension scheme which is a defined benefit pension scheme providing benefits based on final pensionable pay at a normal retirement age of 60. Members pay normal contributions at a rate of 6% of pensionable pay. Those members leaving the scheme who have contributed for a period of less than 2 years will receive a refund of contributions. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years‟ pension is payable on retirement. On death, pensions are payable to the surviving spouse at a rate of half the member‟s pension. On death in service the scheme pays a lump sum benefit. Medical retirement is possible in the event of serious ill-health.

The assets of the Scheme are held separately from those of the Library and were invested with Legal and General who manage a portfolio of bonds and equities on a largely passive basis. The latest actuarial valuation was at 31 March 2013. The Library‟s contribution was reduced to 20.6% of pensionable salary, with a further 6% of pensionable pay from staff as a basic contribution through salary sacrifice arrangement. The actuarial statement is published in the National Library of Wales‟ Pension Fund Annual Accounts.

The pension paid for the period was £1.69m (2013/14 £1.93m).The 31 March 2013 actuarial valuation showed that the market value of the Scheme‟s assets was £46.82m and that the actuarial value of those assets did not exceed 105% of the value of the liabilities of the Scheme. Note 21 provides further information on the finances of the pension scheme to comply with the requirements of FRS17.

In 2006/07 the Welsh Government granted the Scheme a Crown Guarantee which exempts the Scheme from the Pension Protection Fund and the associated levy.

(d) **Gifts Register**

The Library also operates a gifts register. No items noted during the year are considered of material interest to these financial statements.

7. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Plant, Fittings & Equipment	Motor Vehicles	Information Technology	Total
	£000	£000	£000	£000	£000
Cost & Valuation					
At 1 April 2014	62,904	2,824	13	5,638	71,379
Additions	793	253		748	1,794
Disposals		(6)		(56)	(62)
Asset write down	(652)				(652)
Revaluation	(4,238)	(1)		(3)	(4,242)
At 31 March 2015	58,807	3,070	13	6,327	68,217
Depreciation					
At 1 April 2014	875	2,477	9	3,729	7,090
Charged for the year	641	113	4	293	1,051
Disposals		(6)		(56)	(62)
Revaluation	(1,431)	(1)		(2)	(1,434)
At 31 March 2015	85	2,583	13	3,964	6,645
Net Book Value					
At 31 March 2015	**58,722**	**487**	**0**	**2,363**	**61,572**
At 31 March 2014	**62,029**	**347**	**4**	**1,909**	**64,289**

The salaries of 12 members of staff and costs of equipment amounting to £239,539 responsible for the creation of a system for electronic legal deposit were capitalised.

Cooke and Arkwright, Chartered Surveyors, professionally valued the Library‟s buildings, freehold land and equipment as at 31 March 2012 in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Buildings have been valued on the basis of "open market value" or "depreciated replacement cost", and land is shown at "existing use value". The value of the buildings had been indexed according to the BCIS All-In TPI. Equipment had been valued on the basis of the value to the Library and indexed according to CPI. The Third Library Building has had an impairment re-valuation as at 31 March 2015 by Cooke and Arkwright due to the fire damage and renovation works in progress.

All tangible assets were used for the furtherance of the charitable activities of the Library.

8. PRIVATE FUNDS

	Unrestricted £000	Restricted £000	**Total 2014/15 £000**	Total 2013/14 £000
Incoming Resources				
Other	1,196	28	**1,224**	**588**
Interest Receivable	164	24	**188**	**184**
Profit / (loss) from sale of Investments	158	22	**180**	**87**
	322	46	**368**	**271**
Total	1,518	74	**1,592**	**859**
Resources Expended				
Voluntary income	26	3	**29**	**22**
Collection and Storage				**2**
Marketing, exhibitions, education	2	10	**12**	**95**
Fundraising				
Total	28	13	**41**	**119**
Net Incoming/ (Outgoing) Resources	1,490	61	**1,551**	**740**
Transfer to/from Public Funds	289		**289**	**(494)**
	1,779	61	**1,840**	**246**
Unrealised gain/(loss) on revaluation of investments	243	5	**248**	**142**
Net Movement in Private Funds during the year	2,022	66	**2,088**	**388**
Brought Forward at 1 April	**5,487**	**788**	**6,275**	**5,887**
Carried Forward at 31 March	**7,509**	**854**	**8,363**	**6,275**

A second Investec portfolio was established in the year from a private fund transfer of £1.25m after a large legacy during the year.

9. INVESTMENTS

	2014/15 £000	2013/14 £000
Market Value at 1 April	**5,880**	5,317
Acquisitions at Cost	**2,495**	958
Less: Disposal Proceeds and Maturity of Investments	**(1,214)**	(624)
Gain on Disposal	**180**	87
Unrealised gain/(loss) on revaluation	**248**	142
Market Value at 31 March	**7,589**	5,880
Cash held for investment	**772**	395
	8,361	6,275

The historic cost of investments at 31 March 2015 was £6.315m (2013/14 £4.857m).

Gilts, bonds, debentures & preference £	Unit trusts, overseas equities, property & alternative assets £	Unit trusts in bond portfolio £	UK equities directly invested on UK stock market £	Total £
1,170,252		1,021,101		2,191,353
		291,535		291,535
			3,071,233	3,071,233
	301,902			301,902
	544,704			544,704
	111,150			111,150
	114,048			114,048
	169,838	269,235		439,073
	175,596			175,596
	160,549			160,549
	179,400			179,400
	8,922			8,922
1,170,252	1,766,109	1,581,871	3,071,233	7,589,465

In deciding on the returns that the Library requires from its portfolio, and the balance between capital growth and income, the Library is prepared to accept that there will be risks attached to the investment of funds above that of simply placing cash on deposit. The Library is prepared to accept these provided that they are within acceptable levels.
The Library‟s appetite for risk could best be described as "moderate". The Library is willing to accept that in order to achieve higher returns risks must be taken, but the Trustees will also consider the Library‟s position as a charity largely funded from government grant and consequently the standards of stewardship that are implied. The risks of investment will therefore be tempered by:

- **Asset allocation** – an asset allocation strategy that does not overly expose the funds to variances in on particular sector of the investment spectrum – i.e. a balance will be struck between the amount of bonds, equities, cash and other investments including property, and UK and non-UK investments.
- **Quality of investments** – the Library will only consider high quality investments such as gilts and investment grade bonds, or FTSE 350 equities and collectives.

10. Heritage Assets

Purchases for the Heritage Assets are capitalised at historic cost.

Acquired during the year:

	Books £000	Subscription £000	Pictures Manuscripts &Maps £000	Others £000	Digital Collections £000	NSSAW £000	Total £000
At 01/04/14	**1,623**	**2,427**	**9,854**	**380**	**4,176**	**284**	**18,744**
Additions	81	63	137		194	6	**481**
Donations	22		188				**210**
At 31/03/15	**1,726**	**2,490**	**10,179**	**380**	**4,370**	**290**	**19,435**

Four Year financial summary of additions:

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000
Books	**81**	38	34	81
Subscription	**63**	106	98	102
Pictures, Manuscripts & Maps	**137**	192	673	347
Others	**0**	0	0	0
Digital Collection	**194**	300	547	1,011
NSSAW	**6**	8	7	7
Total Additions	**481**	644	1,359	1,548

The Library has an agreed policy for the acquisition, preservation and management of heritage assets. A copy of the agreed policy is available from the Director of Collection Services. The Library does not loan items to users, but collections are accessible in the reading rooms and exhibition spaces in the building, as well as on-line.

The salaries of 10 members of staff amounting to £194,032 responsible for the digitisation of the ITV archive were capitalised.

In 14/15 The Library digitised a list of Maps, Wills, Manuscripts and some graphic material. All the costs have been capitalised under digital collection category in the heritage assets.

Since 1911 the Library has the right to receive a copy of all books, magazines, newspapers and other printed material published in the UK and Ireland. It mainly collects material of Welsh and Celtic interest. Its collections currently include:

Printed material: ranging from *Yny lhyvyr hwnn,* the first Welsh-language book (printed in 1546) to programmes of local events, such as concerts and shows. There are over 6 million printed volumes in total.

Manuscripts and archives: including priceless items from the Middle Ages, such as the Book of Llandaf, the Hengwrt Chaucer manuscript, The Black Book of Carmarthen as well as the recent acquisition of „Laws of Hywel Dda". Also documentary sources from the Middle Ages to the present day, such as records relating to churches and chapels in Wales including Parish Records and wills. It also receives theses from the universities of Wales, archives of public bodies, and personal papers of famous Welsh people from all walks of life. There are over 30,000 volumes of manuscripts, 4 million archival documents and 50 art treasures in the Library.

Maps: Both antiquarian and modern and atlases, Ordnance survey maps, sea charts, maps of farms, estates and tithe maps, railway and public utility plans. In total there are over 1.5 million maps in the Library.

Pictures: portraying people and places in Wales including, paintings, prints, engravings and other pictures. These collections include over 60,000 pictures and 4,000 framed works of art.

Photographs: from the earliest Welsh photograph, a daguerreotype of Margam Castle, taken in 1841, to the works of Mary Dillwyn, John Thomas, D.C. Harries and Geoff Charles. The Library houses around 950,000 photographs altogether.

Electronic resources and digital images: New and created mainly by the Library the collections include over 5million images.

The National Screen and Sound Archive of Wales houses 250,000 hours of sound recordings, 300,000 hours of moving images, 7million foot of film, 200,000 items from the ITV film and TV archive and 15km unique archive. There are television and radio broadcasts, sound and amateur film recordings, records cassettes and CDs, films and commercial videos.

11. DEBTORS – due within one year

	31st March 2015 £000	31st March 2014 £000
Trade Debtors	416	146
Prepayments & Accrued Income	1,154*	477
Other Debtors	242	96
Private Funds	32	34
	1,844	753

*includes £700K prepayment to the Pension Scheme

12. CREDITORS

Falling due within one year

	31st March 2015 £000	31st March 2014 £000
Trade Creditors	201	138
Accruals and deferred income	880	136
Invest to Save *	500	-
Private Funds deferred income	131	141
	1,712	415

*Invest to Save funding of £500,000 was received to help fund the severance expenses made in the year. This will be repaid through reduced GIA in 2015/16 and is therefore treated as a creditor.

13. MOVEMENTS IN STATEMENT OF FUNDS

	At 1 April 2014	Incoming Resources	Resources Expended	Other Movements In Year	**At 31 March 2015**
	£000	£000	£000	£000	**£000**
PUBLIC FUNDS					
Restricted - Capital	**72,471**	3,830	1,704	(3,097)	**71,500**
- Purchase	**7,143**	305			**7,448**
Total Restricted	**79,614**	4,135	1,704	(3,097)	**78,948**
Unrestricted	**(7,572)**	13,250	13,776	3,090	**(5,008)**
Total Public Funds	**72,042**	17,385	15,480	(7)	**73,940**
PRIVATE FUNDS					
Restricted	**7,399**	74	13	215	**7,675**
Unrestricted	**5,487**	1,518	28	532	**7,509**
Total Private Funds	**12,886**	1,592	41	747	**15,184**
TOTAL	**84,928**	18,977	15,521	740	**89,124**

14. CAPITAL COMMITMENTS

The Library has a four-year Capital Rolling Programme. At the balance sheet date, the outstanding commitments are as follows:

	31 March 2015 £000	31 March 2014 £000
Contracted – Final Stage – Third Library Building Office - Roof	**-**	240
Contracted – Final Stage – Third Library Building Office - Offices	**338**	-
Contracted – Royal Commission	**2,253**	-
Contracted - Boilers	**85**	-
	2,676	240

It is anticipated that all commitments identified at 31 March 2015 will be met during the 2015/16 financial year.

15. RECONCILIATION OF CHANGES IN RESOURCES TO NET FLOW FROM OPERATING ACTIVITIES

	2014/15	2013/14
	£000	£000
Net incoming resources for the financial year	**3,428**	3,511
Depreciation	**1,052**	962
(Increase)/ Decrease in stock	**(6)**	1
(Increase) in debtors	**(1,091)**	120
Decrease in provision		
(Decrease)/Increase in creditors	**1,297**	(470)
Pension Finance Costs	**460**	(150)
Net cash flow from operating activities	**5,140**	3,974

16. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014/15	2013/14
	£000	£000
Payments to acquire tangible fixed assets	**(1,793)**	(1,082)
Payments to acquire collections	**(481)**	(644)
Income on disposal of fixed asset	**0**	0
Payments to acquire investments	**(2,495)**	(958)
Proceeds from sale of investments	**1,214**	625
	(3,555)	(2,059)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2014/15	2013/14
	£000	£000
Net funds at 1 April	3,947	2,032
Net Cash Inflow	1,206	2,090
Increase (decrease) in cash held for investment purpose	379	(175)
Net Funds at 31 March	**5,532**	**3,947**

18. RELATED PARTY TRANSACTIONS

The Welsh Government is regarded as a related party. During the year the Library received funding from the Government in the form of Grant in Aid, Purchase and Capital Grants as disclosed in note 2.

Culturenet is a dormant subsidiary of the Library, during 2014/15 the Library made no payments to Culturenet (2014: nil) and received no income from the company.

The following senior staff of the Library are directors of the company:

Mr David Michael	Director
Avril Jones	Director

These staff members do not receive any remuneration from Culturenet. Culturenet has been dormant since 1 April 2013.

Mr Huw Williams, a Board member, is a partner at Geldards LLP who are the Library‟s nominated legal advisors to the Library. Payments totalling £89,424 (2014: £171,450) were made to Geldards LLP during 2014/15 in respect of services rendered.

Mr Robert Gray, an independent member of the Library‟s Audit Committee, is principal of Messrs Francis Gray, who have been appointed to produce Culturenet‟s dormant financial statements and assist the Library with its year end accounts. Payments made during the 2014/15 year total £13,338 (2014: £7,564).

At 31 March 2015 the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	£000 Debtors	**£000 Creditors**
Central Government bodies	274	-
Local Government bodies	3	6
Non-Government Bodies	1,567	1,206
Total	1,844	1,212

19. LEASES

The Library made no lease payments for the lease of vending machines during 2014/15(2013/14 £1,739.29). Lease costs are charged to the Statement of Financial Activities.

20. DERIVATIVES – FRS13

The balance sheet shows the Bank in both current assets and current liabilities. The cash book position shows one account as being overdrawn by £0.4m whereas the other accounts have £5.124m in hand. This is the cashbook position which takes account of a number of transactions that had yet to be processed by the Bank, such as un-cleared cheques and deposits. The Library did not have an overdrawn bank account at the year end.

The Library has no borrowings and relies primarily on departmental grants for its cash requirements and is therefore not exposed to liquidity risks. The only material deposit is disclosed in note 9, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk. In 2014/15 £15.129m or 87% of the Library‟s consolidated income derived from Grant-in-Aid from the Welsh Government (2013/14 £13.91m or 87%). The balance, £2.257m or 13% (2013/14 £2.041m or 13%) is derived from income on the Library‟s private funds, from trading activities and grants from other bodies, as disclosed in Note 3 to these accounts.

21. PENSION COSTS

The Library operates a defined benefit scheme with benefits accruing at the rate of 1/80th of pensionable salary for each year of service. Members pay basic contributions at a rate of 6% of pensionable salary.

The latest full actuarial valuation was at 31 March 2013 and it was assessed that the Scheme had reached the point where it was fully funded. Over the year to 31 March 2015 the Library made contributions into the Scheme at a rate of 20.6% of pensionable salaries and this rate will continued to be applied in 2015/16. Contribution rate after this date will depend on the result of the actuary‟s valuation at 31 March 2016. Expected employer contributions for 2015/16 are £1.6 million.

Financial Assumptions

The financial assumptions made in order to calculate the FRS17 disclosure requirements are as follows:

	31 March 2015 %per annum	31 March 2014 %per annum
Price Inflation	**3.2**	**3.5**
Rate of increase in pay	**3.7**	**4.0**
Rate of increase of pensions in payment*	**2.2**	**2.5**
Rate of increase for deferred pensioners	**2.2**	**2.5**
Discount rate**	**3.55**	**4.35**

* in excess of any Guaranteed Minimum Pension (GMP) element

** prescribed by HM Treasury

The discount rate used for FRS 17 disclosures is different to that used by the Actuary for the most recent financial assessment of the Scheme at 31 March 2013. At this date the Scheme was assessed as being fully funded. The requirement to use the Treasury"s discount rate for the FRS17 disclosure will result in the financial position of the Scheme being assessed differently under this measure in comparison to the method used in the formal actuarial valuation of the Scheme. At 31 March 2015 the Scheme was assessed as being 101% funded under the Actuary"s own assumptions, as compared to the FRS17 valuation which produced a pension deficit of £5.65m.

Market value of Assets and Expected Rate of Return on Assets

	31 March 2015	31 March 2014	
	Fair Value	Fair Value	Expected rate of Return
	£m	£m	% per annum
Equities	**20.25**	17.34	7.1
Bonds	**31.13**	25.51	3.4
Property	**5.68**	4.61	6.5
Other	**(0.16)**	0.22	3.0
Total value of assets	**56.90**	47.68	5.0

Components of Defined Benefit Cost for the Year Ended 31 March 2015

	Year Ended 31 March 2015	Year Ended 31 March 2014
	£m	£m
a. Current service cost	**2.14**	1.67
b. Past service costs	**0.00**	0.00
c. Previously unrecognised surplus deducted from past service costs	**0.00**	0.00
d. Total charged to Resources Expended	**2.14**	1.67

Analysis of Other Amounts Charged to Statement of Financial Activities

	Year Ended 31 March 2015	Year Ended 31 March 2014
	£m	£m
e. (Gain) loss on settlements	**0.00**	0.00
f. Previously unrecognised surplus deducted from settlement loss	**0.00**	0.00
g. (Gain) loss on curtailment	**0.00**	0.00
h. Previously unrecognised surplus deducted from past service costs	**0.00**	0.00
i. Net (gain) loss charged to Statement of Financial Activities	**0.00**	0.00

Analysis of the Amount Charged/Credited to Other Finance Incomes

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
j. Interest on pension scheme liabilities	**2.39**	1.98
k. Expected return on assets in the pension scheme	**(2.38)**	(2.02)
l. Net charge (credit) to other finance income	**0.01**	(0.04)
Total charge to Statement of Financial Activities : d + i + l	**2.15**	1.63

Analysis of Amounts Recognised in Reserves

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
m. (Gain) loss on assets	**(7.14)**	1.31
n. Experience (gain) loss on liabilities	**0.00**	(0.65)
o. (Gain) loss on change of assumptions (financial and demographic)	**4.05**	5.51
p. Total (gain) loss recognised in reserves	**(3.09)**	6.17
q. Cumulative actuarial (gain) loss recognised in reserves	**9.49**	12.58

History of Experience Gains and Losses

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
a. (Gain) loss on scheme assets		
Amount (£m)	**(7.14)**	1.31
% of scheme assets at end of year	**12.5**	2.7
b. Experience (gain) loss on scheme liabilities		
Amount (£m)	**0.00**	(0.65)
% of scheme assets at end of year	**0.0**	1.2
c. Total actuarial (gain) loss recognised in reserves		
Amount (£m)	**(3.09)**	6.17
% of scheme assets at end of year	**4.9**	11.0

Reconciliation to the Balance Sheet

	31 March 2015 £m	31 March 2014 £m
a. Market Value of scheme assets	**56.90**	47.68
b. Actuarial value of scheme liabilities	**62.55**	55.96
c. Surplus (deficit) in the scheme	**(5.65)**	(8.28)
d. Irrecoverable surplus	**0.00**	0.00
e. Pension asset (liability) recognised in balance sheet	**(5.65)**	(8.28)

Reconciliation of Liabilities

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
Scheme liabilities at beginning of year	**55.96**	**49.08**
Interest cost	**2.39**	**1.98**
Current service cost	**2.14**	**1.67**
Member contributions	**0.00**	**0.14**
Benefit outgoings	**(1.99)**	**(1.77)**
Past Service Cost	**0.00**	**0.00**
Settlement cost	**0.00**	**0.00**
Curtailment cost	**0.00**	**0.00**
(Gain) loss on change of assumptions	**4.05**	**5.51**
Experience (gain) loss	**0.00**	**(0.65)**
Scheme liabilities at end of year	**62.55**	**55.96**

Reconciliation of Assets

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
Scheme assets at beginning of year	**47.68**	**46.82**
Benefit outgoings	**(1.99)**	**(1.77)**
Library contributions	**1.69**	**1.78**
Member contributions	**0.00**	**0.14**
Settlement cost	**0.00**	**0.00**
Expected Return on Assets	**2.38**	**2.02**
(Gain) loss on assets	**7.14**	**(1.31)**
Scheme assets at end of year	**56.90**	**47.68**

22. EXCEPTIONAL ITEMS

A.THE FIRE OF 26 APRIL 2013

The costs resulting from the fire at the Library have had a significant impact and these are included within these financial statements. The Library has instructed its legal advisors to pursue a claim for costs against the contractor that was responsible for causing the fire, but it is considered that the outcome of this litigation is too uncertain to recognise any costs recovered in these financial statements.

Expenditure of £652,000 was incurred following the repairs to the roof of the Third Library Building Offices. This expenditure has been charged to Resources Expended in Public Restricted Funds as an exceptional item during the year. The roof was largely replaced in line with the original construction and consequently, as the structure of the building was not enhanced, the expenditure is recognised as an exceptional item and written off during the year. The Welsh Government provided additional capital funding of £2,472,000 as disclosed in note 2, of which £442,000 was repaid in 2014/15 through reduced GIA.

In the SOFA £39k of roof expenditure as an exceptional item in Public Unrestricted Funds relates to the legal and other costs incurred during the year in relation to the fire on the roof.

B. SEVERANCE PAY

The Library offered a voluntary severance scheme to its staff during the year and 9 staff left before the 31 March 2015 at a cost of £601,544. A further 18 staff accepted the terms on offer and will leave the Library during the 2015/16 financial year at a cost of £752,230.

C. TRIBUNAL LIABILITY

Following an employment tribunal the Library was found to have unfairly dismissed two members of staff. One was paid a compensation payment of £71,890 during 2014/15, and the other was paid a redundancy payment of £53,498 and a compensation payment of £28,460 including settlement of £15,614 in April 2015 which were accrued in the 2014/15 financial statements.

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

AMGUEDDFA CYMRU – NATIONAL MUSEUM WALES

FINANCIAL REPORT

2014/15

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

Statutory Background and Stakeholder Engagement

The National Museum of Wales was established by Royal Charter in 1907 and continues to be registered as a legal entity and charity under this name (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 for 2014/15. During this period the key focus remained on stakeholder engagement to inform the major redevelopment of St Fagans National History Museum. Here, for example, the Our Museum programme, funded by the Paul Hamlyn Foundation, completed its third year and has worked collaboratively with partner organizations to create and sustain a community of volunteers for St Fagans based on the needs of the volunteer. The aim is to achieve a culture change in skills development and working practices which will be rolled out across the organisation, will broaden the volunteer base and embed opportunities for volunteers in all aspects of our work.

Aims and Objectives

During 2014/15, we engaged in extensive work to develop a new Vision for the future - 'inspiring people, changing lives'. While this work was undertaken, our current priorities remained as set out in the Vision launched in 2005/6 'to be a world-class museum of learning', and were to:

- **create living museums** where the collections tell their stories more clearly, and visitors experience life in the past and present and explore a variety of possible futures

- **develop flourishing collections** that are well used, sustained and growing

- **find paths to make sense of the world** using a variety of media suitable for diverse learning styles to create equality of access to the collections

- **learn through sharing** our plans with our visitors and jointly developing the ways in which we work, to provide meaningful access to the collections for the diversity of peoples who have made Wales their home

- **communicate** our messages so that Amgueddfa Cymru – National Museum Wales becomes known worldwide as a centre of learning of international quality

- **grow through learning** by embedding and celebrating learning skills at the very heart of all our work

- **build our resources** so that we have a strong and solid base, from which we will be able to deliver our Vision for the next decade and beyond.

Amgueddfa Cymru's locations

During 2014/15 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 History Museum, St Fagans, Cardiff
One of Europe's leading open-air museums, St Fagans is part of our group of five social and industrial history museums. Visitors can explore and enjoy over 2,000 years of history in over forty re-erected period buildings that have been collected from all over Wales.

Big Pit National Coal Museum, Blaenafon, Torfaen
Set in the heart of the World Heritage Site at Blaenafon, Big Pit is a complete former working coalmine. Guided by ex-miners, visitors 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 the Pembrokeshire Coast National Park Authority and Wrexham County Borough Council.

Achievements during the year

The seven national museums in Wales welcomed over 1.68 million visits in 2014/15. This was an improvement on the previous year, despite reducing budgets and the ongoing St Fagans National History Museum redevelopment project.

2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1,641,053	1,656,340	1,690,026	1,745,315	1,629,196	1,685,954

We introduced the free entry policy in 2001/02 – a pioneering move that nearly doubled visitor figures to national museums in Wales. This commitment to promoting access for all to Wales's culture and history remains as strong today, with the policy enshrined in the Welsh Government's plan of action for 2011/16, Programme for Government.

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

One particular success is the continued development of the new National Museum of Art on the top floor of National Museum Cardiff. This has proved to be very popular with new audiences. National Museum Cardiff had 446,635 visitors in 2014/15.

Our highest profile development is reflected in the progress on the major redevelopment of St Fagans National History Museum, a £25.5m project supported by Heritage Lottery Fund (HLF) funding of £12m – the largest grant ever awarded by the HLF in Wales – and Welsh Government funding of £6.9m. We believe this is currently the most exciting museum project in the UK. 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

Amgueddfa Cymru's consolidated net incoming resources for the financial year were £432,000 (£5,031,000 in 2013/14). Total incoming resources were £35,291,000 (£35,356,000 in 2013/14), total resources expended were £34,780,000 (£30,246,000 in 2013/14), and the share of joint venture net expenditure was £79,000 (£79,000 in 2013/14). The net increase in funds for the year after taking account of all realised and unrealised gains and losses was £6,046,000 (a net increase of £3,691,000 in 2013/14). Fund balances at 31 March 2015 stood at £97,011,000 (£90,956,000 at 31 March 2014).

The principal activities of 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 £521,000 for the 2014/15 financial year (£545,000 in 2013/14).

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 continues to provide more detailed insight, and an opportunity for reflecting on and enriching our work.

During 2014/15 we continued to employ an evaluation framework that embraced both of these approaches. This toolkit and the targets we set for 2015/16 onwards, a period in which there will be ongoing and significant public sector financial austerity, will continue to focus on consolidating our excellent performance to date while also looking to achieve better outcomes for the people of Wales through the delivery of our new long-term Vision.

The out-turns for our key performance indicators during 2014/15 are shown in the following table:

Vision Map Key Objective (Perspective)	Quantitative Indicator	2013/2014 out-turn	Annual Target	2014/2015 out-turn
World-class museum spaces (The People of Wales)	Number of visits	1,629,196	1,590,000	1,685,954
International reputation (The People of Wales)	Number of venues to which loans made across the world	305	310	324
Priority audiences (Presenting Wales)	Number of events targeted at priority audiences	892	700	1,371
Collections and research (Presenting Wales)	Number of research projects % Collections computerised to inventory standard	237 50.7%	200 50.7%	215 50.9%
Communicating collections (Presenting Wales)	Number of formal education visits Number of informal education visits	210,543 260,021	205,000 230,000	205,055 305,187
Digital Media (Improving performance)	Number of website visits	1,962,026	1,400,000*	1,380,122
Advocating for sustainability (Financial success)	Number of people at targeted advocacy events	1,158	1,000	1,655

* new method of reporting introduced to eliminate automated website hits

As reported earlier, the total number of visits made to our museums during 2014/15 was 1,685,954 (1,629,196 in 2013/14), against a target of 1,590,000. The number of visits to our website during the same period was 1,380,122 (1,962,026 in 2013/14). The decrease compared with the previous year was due to a new measurement method being introduced for 2014/15 which eliminated automated website hits. The figure performed well against the target for the year of 1,400,000.

Our work on serving the formal education sector continues to attract significant numbers of visits with 205,055 formal education visits (210,543 in 2013/14) just above the target of 205,000. The slight year-on-year fall is due to a decrease in educational visits to St Fagans National History Museum while the site is undergoing redevelopment.

The number of informal education visits, which now encompasses the number of 'added-value' learning visits to our sites and the number of participants on off-site learning activities, was 305,187 (260,021 in 2013/14), well exceeding the target of 230,000.

While all of the collections are documented according to the Collections Trust guidelines, we have continued with a programme of computerising collections records. During 2014/15, and based on a total collection size of 5.1m, we achieved 50.9% of the collections computerised to inventory standard (50.7% in 2013/14).

The number of venues to which loans were made was 324 (305 in 2013/14), just above the target of 310.

Capital Investment

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

Projects within the Capital Plan progressed during the year have included the works to redevelop St Fagans, upgrades of our ICT infrastructure and electrical rewiring at National Museum Cardiff and St Fagans, and maintenance improvements at Big Pit. The works to redevelop St Fagans incorporated the demolition of part of the main building, which is reflected in resources expended as an impairment to fixed assets, and the start of construction of the replacement building, which is included as additions to fixed assets.

Working in Partnership

In 2014/15 we worked with partners throughout Wales and beyond with the aim of showing the national collections in a variety of venues including museums, galleries, visitor centres and heritage sites.

The exhibitions for the Sharing Treasures programme at Chepstow, Abergavenny, Llangollen and Pontypool were delivered on schedule and were well received.

In May 2014, a £2.8 million HLF grant was awarded to the Snowdonia National Park Authority for the Yr Ysgwrn project, with match funding provided by the Welsh Government and by the Park Authority itself. Our staff continue to provide expert curatorial, conservation and interpretation support to the project team, and participate in meetings of the project Technical Group.

Our relationship with Pembrokeshire Coast National Park Authority at Oriel y Parc has continued to develop. Two successful exhibitions were shown during the year. The first of these - *Llareggub: Peter Blake illustrates Dylan Thomas's Under Milk Wood* (May – September 2014) provided useful opportunities for partnership working including with Carmarthenshire County Council and Theatre Gwaun in Fishguard. The second exhibition was *Natural Images: Historic Photography and the Landscape* (October 2014 – March 2015). Part of our Esmée Fairbairn-funded Historic Photography project, the exhibition looked at historic photography from across our collections and launched a semi-permanent display of Sutherland's work, aspects of which will respond to each new exhibition.

We have continued to work closely with Wrexham Museum in the delivery of their exhibition programme. The exhibition from the Natural Sciences department, *Absolute Gem: Nature's Works of Art*, previously shown at National Museum Cardiff and at Powysland Museum, was on display for six months until June 2014. The current exhibition is *Real and Imagined: Castles in the Welsh Landscape* which was on display from January 2015 until July 2015. We continue to hold regular meetings with staff from Wrexham Museum and the National Library of Wales.

International partnership work remains a priority and our strong relationship with the American Federation of Arts (AFA) continues to flourish. The touring exhibition *Pastures Green & Dark Satanic Mills: The British Passion for Landscape* opened in December 2015 and will visit four venues in total before closing in January 2016. An accompanying catalogue is being sold at all the venues. We are in the early stages of discussion with the AFA about a possible further tour and are also investigating the feasibility of an art tour to Japan and Australia.

Partnership working remains a key component of our work and we continue to develop partnerships that allow the national collections to be presented in a variety of contexts and to share skills and expertise across the sector.

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 from long-term supporters, especially the Derek Williams Trust, the Art Fund, the Colwinston Charitable Trust and private donors.

Significant purchases in 2014/15 included several art works, archaeological finds, items relating to the social and industrial history of Wales, and many 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 our public services and the work of universities and independent researchers. 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.

Other research into public attitudes provided valuable findings for both ourselves and partner bodies in heritage, culture and public engagement. We commissioned research into existing sources for evaluating the public's understanding of the history of Wales on behalf of the History of Wales Public Engagement Group. The group is building on the report's findings as it seeks to enable other organizations who have a responsibility for engaging the public with history to do so in response to users' needs.

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

Learning and Participation

We are the leading provider of learning outside the classroom in Wales. We welcome over 205,000 school children and students annually to our museums. We received over 275,000 informal learners to our sites in 2014/15, and also engaged 28,000 people in off-site learning opportunities.

Our learning provision is developed and delivered in partnership with key agencies and covers early years, family, community and adult learning as well as formal education. Nearly one million of our 1.68m visitors come in family groups – making us one of the biggest providers of informal family learning and experiences.

We continue to develop our reputation for being the centre of expertise in Wales in participation and inclusion in the field of arts, culture and heritage. In January 2015, all 8 of our sites were awarded the Investing in Volunteers Award.

We are leading research into the value and role of cultural organizations in tackling the consequences of poverty and promoting inclusion and equality of access to cultural participation and continue to work closely with the Welsh Government to take forward recommendations from the Baroness Andrews report.

During 2014/15 we redesigned our website to address design issues and reflect changes in the organization, as well as bring the technology up-to-date, for example by creating tablet and smart-phone friendly websites. We also began work on the development of a Digital Strategy, with the goal of digital technology being embedded into every part of our work, delivering open, accessible and flexible services that connect our user communities to our collections.

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 2014/15 we delivered forty-five exhibitions at all our museums and our partnership venue Oriel y Parc, and three touring exhibitions.

We are 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

2014/15 temporary exhibition programme can be found in our separately published Annual Review, which will be available later in the year.

Fundraising and Volunteers

2014/15 was another successful year for fundraising, with donations and bequests income received of £1,821,000, and a further £490,000 pledges made. Donations of £1,240,000 in the form of heritage assets were also received.

The focus has been on continuing the fundraising campaign for the redevelopment of St Fagans launched the previous year. At £2.8m this is the largest such campaign we have undertaken. At the start of the financial year, £1m had already been raised and a further £1.1m has been raised in 2014/15.

New fundraising for St Fagans included a pilot “crowd-sourcing” project in conjunction with The Art Fund to solicit funds for Bryn Eryr, the reconstructed Iron Age farmstead; an additional £10,000 from the Simon Gibson Charitable Trust, making their total contribution £20,000; and £5,000 in-kind support from local stone company RP Williams-Jones Stone Merchants. Grant payments pledged in the previous year from Armed Forces Community Covenant Grant Scheme, Lafarge Aggregates Ltd Landfill Communities Fund, the Moondance Foundation and the Dyfrig and Heather John Charitable Trust were drawn down, plus pledge payments from individual members of the St Fagans Gift Circle and the second of three instalments from Elior.

A major legacy of £750,000 was received in support of St Fagans National History Museum and the National Waterfront Museum.

A review of the Patrons membership scheme was undertaken that will help to inform future strategy and development of the scheme. At 31 March 2015 memberships stood at 153, the largest ever, contributing £30,000.

The People’s Postcode Trust continued their significant support with a grant of £200,000, part of which will continue to support two apprenticeships at St Fagans.

Support for other projects and programmes included grants of £349,000 from the Heritage Lottery Fund Wales, Collecting Cultures, in support of a new portable antiquities project; a grant of £9,000 from Arts and Business Cymru in support of an intern in the Development Office; and sponsorship from SRK Consulting and NME for upcoming exhibitions. The Welsh Government supported the Food Festival at St Fagans for the second year running with a grant of £9,000. The Royal Mail, the Armed Forces Community Covenant Grant Scheme and Geldards LLP supported special events.

Generous support continues from the Colwinston Charitable Trust towards the National Museum of Art’s contemporary art programme, the Derek Williams Trust towards National Museum of Art purchases and exhibitions, Heritage Lottery Fund Wales through the Heritage Horticultural Skills Scheme, the Paul Hamlyn Foundation for the Our Museum programme, the Pilgrim Trust, the Edina Trust, the Henry Moore Foundation, the Dr Dewi Davies Endowment Fund and Cadw for the Cathole Cave project.

The Friends of Amgueddfa Cymru continued to support 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, sponsorship of the organ recitals at National Museum Cardiff, and, this year, generously contributing towards the redevelopment of St Fagans by providing match funding to enable the Celtic Village to be demolished and Bryn Eryr to be constructed. They also made a further significant financial gift to Amgueddfa Cymru during the year, and are discussing with us how this incredibly generous donation may be used.

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

Our Volunteer Co-ordinator also worked with colleagues to enhance opportunities for volunteering. As a result, we received 9,238 hours of input from volunteers during 2014/15. This includes work volunteers have contributed towards Archaeology Field-Walking, behind the scenes curatorial and conservation work, art tours, learning activities for the public and helping to maintain our gardens and farm. We are greatly indebted to them 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.

Performance

Conserving the nation's treasures and opening our doors to over 1.6 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 2014/15, there was a decrease in overall emissions by 10.3%, with both gas and electricity consumption being reduced.

Overall waste decreased in 2014/15 by 3.4%. There was a small increase of 4.5% in landfill waste in the year, however we have achieved a reduction in landfill waste of 21.0% compared with 2010/11.

Water consumption decreased by 21.4% in 2014/15, as leaks which impacted on consumption in 2013/14 were rectified. Water consumption has fallen overall by 44.8% since 2010/11.

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

Greenhouse Gas Emissions		2014/15	2013/14	2012/13	2011/12	2010/11
Non-financial indicators (tCO_2)	Scope 1 (Direct) Emissions - gas	1,500	1,600	1,763	1,430	1,415
	Scope 2 (In-direct) Emissions – purchased electricity	3,047	3,464	3,732	3,903	4,203
	Scope 3 (Business travel) Emissions	37	45	36	36	36
	Total	**4,584**	**5,109**	**5,531**	**5,369**	**5,654**
Related energy consumption (kWh'000)	Gas	8,086	8,673	9,540	7,732	7,650
	Electricity	5,716	6,404	7,109	7,434	8,007
	Total	**13,802**	**15,077**	**16,649**	**15,166**	**15,657**
Financial indicators (£)	Gas	192,203	268,211	296,370	216,011	164,322
	Electricity	571,349	587,226	644,728	617,046	591,541
	CRC administration fee	1,290	1,290	1,290	1,290	1,290
	Official Business Travel	200,089	198,233	175,775	166,418	172,184
	Total	**964,931**	**1,054,960**	**1,118,163**	**1,000,765**	**929,337**

Targets and Performance

Our Environmental Statement sets a target to reduce CO_2 produced by energy and transportation usage by 2% per annum. In 2014/15 there was a decrease of 10.3%. The decrease since 2010/11 is 19.6%.

The reductions in electricity consumption have been achieved by various measures, including the installation of a combined heat and power unit at National Museum Cardiff in 2011/12, installation of solar panels at Big Pit and the Collections Centre in 2012/13, a range of IT initiatives implemented from 2011/12, and the installation of a new lighting and control system in the art galleries at National Museum Cardiff in 2014/15.

For a number of years we have encouraged sustainable travel modes for journeys to our sites by visitors and staff in various ways; for example the St Fagans redevelopment project includes a travel plan promoting sustainable travel for visitors and staff, and upgraded video conferencing equipment in 2011/12 has reduced the number of journeys between sites for meetings. In 2014/15 car hire CO_2 fell by 17.7%, due to a combination of fewer miles and more cars using diesel rather than petrol.

Waste		2014/15	2013/14	2012/13	2011/12	2010/11
Non-financial indicators (tonnes)	Hazardous waste	1.2	0.0	0.6	0.4	1.1
	Non-hazardous waste:					
	- Landfill	818.2	783.0	697.7	907.9	1,035.7
	- Reused/Recycled	1968.8	2099.2	1,629.1	1,239.5	1,100.0
	- Incinerated	19.7	24.7	3.2	3.2	3.2
	Total waste	**2,807.8**	**2,906.9**	**2,330.6**	**2,151**	**2,140**
Financial indicators (£)	**Total disposal cost**	**28,943**	**37,268**	**29,981**	**25,159**	**22,778**

Targets and Performance

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

We actively encourage the minimisation of waste through increased recycling and promotion of re-use and reduction across all our sites.

The decrease of 3.4% in total waste in 2014/15 follows an increase of 24.7% which was due to building works at St Fagans. The building works remain a significant cause of waste, and explain the increase in landfill waste of 4.5%. Landfill waste remains significantly lower (21.0%) than in 2010/11. Total waste fell at 5 of the 8 sites in 2014/15, compared with the previous year.

Finite Resource Consumption		2014/15	2013/14	2012/13	2011/12	2010/11
Non-financial indicators ('000m³)	**Total Water consumption**	20,768	26,434	20,875	31,929	37,593
Financial indicators (£)	**Total Water supply costs**	79,437	74,915	71,774	93,128	110,460

Targets and Performance

Our Energy Policy sets a target to reduce water consumption by 5% per annum. In 2014/15 there has been a significant reduction of 21.4% in water consumption, as leaks at St Fagans and Big Pit, which resulted in a large increase in 2013/14, have been rectified.

Water consumption has fallen overall by 44.8% since 2010/11.

Future Strategy

In 2015/16 we will build on progress already achieved in reducing greenhouse gas emissions, waste and water consumption. Plans include completing further upgrades of

lighting systems in galleries at National Museum Cardiff, funded by an Invest-to-Save loan from the Welsh Government. We are also considering an option to link to the proposed District Heating Scheme, currently under development in Cardiff, and to a similar scheme in Swansea, which may provide an opportunity to reduce energy costs in the longer term.

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 the 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 History Museum. 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 have achieved 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.

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 Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities'.

Incorporated within the consolidated figures for Amgueddfa Cymru are the results of the wholly owned subsidiary, NMGW Enterprises 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.

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 2011.

Heritage assets acquired prior to 1 April 2001 have not been capitalised and heritage assets purchased or donated since that date have been recorded at cost or valuation. The Trustees do not consider that the considerable cost of valuation of such a large collection of heritage assets can be justified, on cost/benefit grounds, in obtaining what would be a valuation at one particular moment in time. In line with Financial Reporting Standard (FRS) 30 on heritage assets, disclosures are covered in Note 10 to the accounts.

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 8 to the accounts.

Prompt Payment Performance

We subscribe to the objectives of the Better Payment practice code issued by HM Treasury and aim to pay valid invoices within 30 days of receipt. The average time taken for payment of invoices during 2014/15 was seven calendar days (nine days in 2013/14), which includes 97% (by number) of invoices settled within 30 days (96% in 2013/14). There were no payments of interest under the Late Payment of Commercial Debts (Interest) Act 1998 (£Nil in 2013/14).

Policy on Reserves

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

This policy remains dependent upon, and restricted by, the authority granted by the Welsh Government in our Framework Agreement, which at the financial year-end 2014/15 limited cash reserves to 2% of its grant-in-aid, with exemptions from any limit in respect of the Specimen Purchase Grant and self-generated income. Further general and specific exemptions may be available upon application in respect of the National Waterfront Museum (to reflect the joint funding arrangement with the City & County of Swansea) and capital projects that straddle the financial year-end. At the end of 2014/15 the Welsh Government agreed to increase our cash carryover limit with respect to capital funding.

Private funds are separately maintained and specified within the accounts. These are not subject to a carryover limit and our policy is to maximise and hold these funds for utilisation on 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 be utilised 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 plan of capital developments and refurbishments to deliver the Vision priorities. In order to part-fund these developments and manage budgets prudently, it is essential that maximum flexibility in reserve retention is available via carry-over, private funds and retained profits from trading.

Total Funds at 31 March 2015 were £97,011,000, with an analysis provided within the notes to the Financial Accounts.

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 £2,453,000 to £2,569,000.

We also held, from bequests, an equity investment in eleven blue chip companies. The value of this portfolio increased during the year from £80,000 to £92,000.

The total value of investments held at 31 March 2015 was therefore £2,661,000.

Pension Liability

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

The valuation shown on this year's balance sheet, as calculated under Financial Reporting Standard (FRS) 17, shows a relatively small increase in the deficit from £30.786m to £30.861m. While the value of the Scheme's assets has increased from £97.9m to £111.5m, 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 FRS 17 are shown within Note 17 to the financial statements.

The most recent triennial actuarial valuation of the scheme, to 31 March 2012, was agreed by Amgueddfa Cymru and the Scheme Trustees in 2012/13, as was the associated recovery plan to remove the Scheme deficit. The plan will remove the deficit over a period

that reflects the underpin to the Scheme provided by a Crown Guarantee, with the proposals accepted by the Pensions Regulator. Having increased employer contributions to 21.3% a few years ago, the recovery plan reflects the measures agreed after detailed consultation with the membership and the Scheme Trustees. These measures include an increase in employee contributions, adjustment of the normal retirement age to 65 and improved flexibility regarding cash commutation of pension rights.

The next triennial actuarial valuation is due as at 31 March 2015 and the recovery plan will be reviewed and agreed once those results are available.

Due to prudent action in advance of anticipated cuts in grant-in-aid, we were able to pay advance employer contributions into the Scheme, amounting to £700,000 in 2011/12, following £1.382m paid in 2010/11. £119,000 of the advance contributions were reversed in 2014/15, and the remaining advance payments will reverse over 2015/16, aiding management of cash-flow and budgets and the continuing delivery of frontline services.

Policies Relating to Staff

Equality of Opportunity
In 2014/15 we completed the roll out of training on our Equality and Diversity policy to Visitor Services staff at National Museum Cardiff. All other departments will receive refresher training in the forthcoming year.

We continue to work in partnership with Careers Wales to offer work experience placements to school-aged students with disabilities and additional needs. During 2014/15 we provided four students with placements. We are also working with a wide range of Community Partners on the Our Museum project at St Fagans funded by the Paul Hamlyn Foundation. The project aims to provide volunteer placements for people from diverse backgrounds to bring museums and communities together.

Staff Consultation
We continue to comply with the 2005 Information and Consultation regulations, and consult with staff, both directly and through recognised unions, on major changes in the organization. Monthly Staff Forum meetings are held between management and recognised trade union representatives to discuss matters of importance, and the minutes of these meetings are formally reported to the Senior Management Team. Representatives of our recognised unions attend the monthly Staff Executive Group meetings, facilitating openness and transparency. This legal requirement to consult is supplemented by a variety of methods including staff meetings, department meetings, working groups, email and intranet communications, plus informal methods of communication as appropriate.

On 24 March 2014 we entered into consultation with staff and trade unions about proposed changes to premium payments and the severance scheme. The 45-day consultation ended on 15 May 2014. Staff and trade unions were encouraged to submit feedback and alternative proposals in many different ways. These included a dedicated email account, more regular Staff Forum meetings, attendance at departmental meetings and site meetings by the Director General and Senior Management Team, opportunities for staff to meet with their directors individually and discussions with HR representatives. We received a large number of questions and proposals which have informed changes to the original proposals. Negotiations have continued throughout this year and we expect to

be in a position to consult individually with staff on both the changes to premium payments and the severance scheme from July 2015.

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

Staff Training
We continue to invest time and resources to provide development and training opportunities (both formal and informal) for employees. We have identified Investors in People (IIP) status as an important external measure of this commitment. With the exception of National Museum Cardiff, all of our museums have achieved IIP status. In 2014, the National Waterfront Museum retained their IIP Gold accreditation. The IIP diagnostic was carried out at National Museum Cardiff in October 2014 and we aim to achieve accreditation in 2016.

Over the last year we have offered staff training to support them through the changes taking place in the organization, in areas such as managing stress and mental health awareness. 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 management and personal development opportunities as required.

Sickness Absence Data
We have policies to support the management of absence 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 2015 was 4.5% (4.9% in 2013/14). We continue to ensure that reasonable adjustments are made, which involves the HR Department, the employee, occupational health and line managers working together to enable the employee to return to work sooner or to provide particular assistance for disabled staff.

To support our absence 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 is provided by an external provider who 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 an Appointments & Remuneration Committee consisting of the President, Vice President, Treasurer, and Trustees Victoria Provis, Glenda Jones and Miriam Griffiths. 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 20 and further details of their remuneration and pension benefits are contained within Note 7(c) to the Accounts and that information is subject to audit. No director is employed on a fixed-term basis, and all, with the exception of the Director General, are employed on Amgueddfa Cymru's standard terms and conditions. Any changes to the terms and conditions pertaining to the Director General are subject to the agreement of the Appointments & 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 in Note 7(e) to the Accounts.

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

David Anderson (Director General)	11 October 2010
Janice Lane	3 September 2012
Mark Richards	25 January 1999
Neil Wicks	27 June 2011
Peter Wakelin	1 January 2014 (resigned 10 January 2015)

Provision for compensation for early termination of employment is contained within our standard redundancy arrangement.

Welsh Language Policy

As a WGSB we are legally obliged to have a four-year Welsh Language Scheme and associated Welsh Language Action Plan. The Plan is developed and delivery driven by the Mainstreaming Action Group, whose membership is drawn from across the organization. The Plan is approved and monitored by the Performance Review Committee. The Plan includes ways of improving our Welsh-language provision as well as ways of supporting staff in improving their Welsh language skills. At the end of 2014/15 we produced an Annual Monitoring Report, which was approved by the Welsh Language Commissioner.

Additionally, we were part of the Welsh Language Commissioner's second round of Welsh Language Standards Investigations. This is the process carried out by the Commissioner to determine which of the new Welsh Language Standards are applicable to us, and which Standards we will have to comply with. We responded fully to the Commissioner's questionnaire and submitted it in both languages, along with associated documents, by the deadline of 6 February 2015. The process also proved useful in identifying areas where we would like to further improve our Welsh-language provision, and prepare for compliance with the Standards later in 2015.

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 2015 are contained in Note 6 to the Financial Accounts.

Principal Office

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

Principal Advisers

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

David Anderson
Accounting Officer and Director General
Approved and signed on 16 July 2015

Laurie Pavelin
Treasurer, on behalf of the Board of Trustees
Approved and signed on 16 July 2015

BOARD OF TRUSTEES
(From 1 April 2014 onwards)

PRESIDENT
Elisabeth Elias, MA, DL * #

VICE PRESIDENT
Dr Haydn Ellis Edwards, B.Sc., MBA, Ph.D., FRSC, F.I.Mgt. * #

TREASURER
J. Peter W. Morgan, M.Sc., FCA * # (completed term of office 30 November 2014)
Laurie Pavelin, CBE, FCA * # (appointed Trustee 1 June 2014, appointed Treasurer 1 December 2014)

APPOINTED BY THE WELSH GOVERNMENT
Gareth Williams # (completed term of office 31 May 2014)
Carole-Anne Davies, BA (Hons), P.G. Dip. LCW Open, FRSA #
Miriam Hazel Griffiths, MA #
Prof. R. Gareth Wyn Jones, D.Phil., D.Sc., FSB, FRSC, FLSW #
Christina Macaulay, MA (Hons)
David Vokes LLB, MA # (deceased 30 November 2014)
Prof Tony Atkins BSc, MA, Ph.D., Sc.D., FIMechE, FIMMM, C.Eng, FR.Eng *
Dr Carol Bell # (appointed 1 June 2014)

APPOINTED BY THE NATIONAL MUSEUM OF WALES
Dr Hywel Ceri Jones, CMG (appointed 1 September 2014)
Prof. Jonathan Osmond, MA, D.Phil (Oxon), F.R.Hist. S. * (deceased 21 June 2014)
Baroness Kay Andrews, OBE (appointed 1 December 2014)
Keshav Singhal FRCS, M.Ch.
Victoria Provis MBA
Prof. Robert Pickard BSc, Ph.D, FSB *
Dr Glenda Jones BA (Hons), Ph.D #

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

INDEPENDENT MEMBERS OF THE AUDIT COMMITTEE
Laurie Pavelin (Chairman) (resigned 31 May 2014)
Eurfyl ap Gwilym (Chairman from 1 June 2014)
Huw Williams (resigned 19 May 2015)
Adrian Piper
Rheon Tomos (appointed 24 October 2014)

BOARD OF NMGW ENTERPRISES LTD.
(From 1 April 2014 onwards)

Gareth Williams (Chairman) (completed term of office 31 May 2014)
Chris Jackson (Chairman from 1 June 2014)
Christina Macaulay
Richard Gloster
Richard Nash (appointed 24 June 2014)
David Anderson
Mark Richards
Karen James-Watkins
Neil Wicks (Company Secretary)

DIRECTORATE
(From 1 April 2014 onwards)

Director General	David Anderson
Director of Learning, Exhibitions & Digital Media	Janice Lane
Director of Operations and Deputy Director General	Mark Richards
Director of Collections & Research	Peter Wakelin (resigned 10 January 2015)
Director of Finance & Corporate Resources	Neil Wicks

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

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

In preparing the accounts, the Trustees and the Director General are required to comply with the requirements of the Statement of Recommended Practice (2005): Accounting and Reporting by Charities and the Government Financial Reporting Manual and in particular to:

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

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

Statement of disclosure of information to auditors

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

Annual Governance Statement

1. Scope of Responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound 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 2015, 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 operate fraud and whistle blowing policies, which are subject to audit review.

3. The Governance Framework

Our governance arrangements are fully 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 within 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 2015. 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)

2014/15 has been the final year of our ten-year Vision of creating a ‘world-class museum of learning’. Through this Vision our focus has been on the ten key objectives, listed below, which also map onto the Welsh Government’s strategies and objectives and provide a strong framework for our activities:

The People of Wales

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

Presenting Wales

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

Improving Performance

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

Financial Success

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

Our performance against the objectives is monitored through a series of qualitative and quantitative indicators, using the Evaluate monitoring and reporting tool.

The Operational Plan is 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. Similarly, the Evaluate toolkit is monitored by directors and updated quarterly and reported to the Joint Executive Group, Performance Review Committee and Welsh Government. 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 withClearly 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 within 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, supported by a comprehensive handbook, shortly after their appointment. No members of the Board of Trustees are remunerated. Details of their company directorships and other significant interests are maintained in a Register of Interests, which is available to the public and held at National Museum Cardiff.

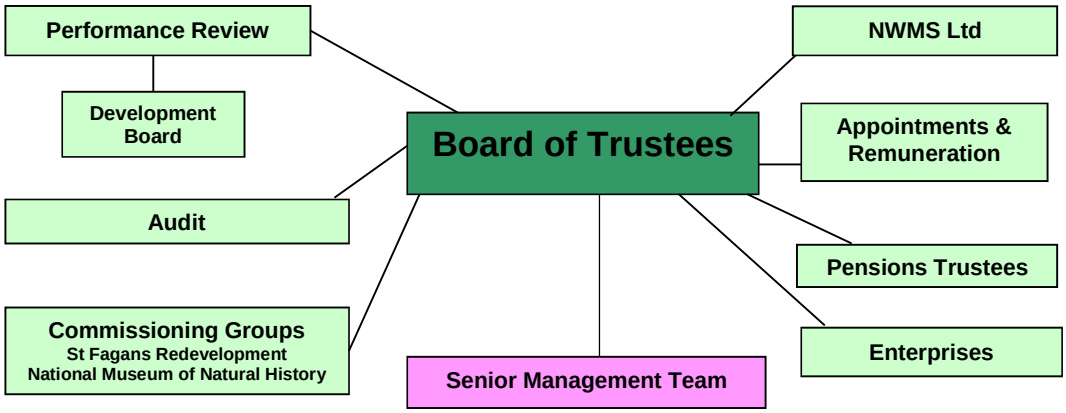
A schedule of Board of Trustee members throughout the year and up until the date of this report, including retirements and new appointments, is included within the Financial Report. The schedule also indicates which Trustees are members of the Performance Review Committee and Audit Committee. The record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

Trustee	Date of Board of Trustees meeting 2014-15							No of meetings	Attendance
	09 06 14 electronic	19 06 2014	11 09 2014	24 10 14 electronic	11 12 2014	20 01 15 electronic	12 03 2015		
Elisabeth Elias	ü	ü	ü	ü	ü	ü	ü	7	100%
J. Peter W Morgan	ü	ü	ü	ü	Retired 30 11 14			4	100%
Dr Haydn Edwards	ü	ü	ü	ü	ü	NA	ü	6	100%
Carole-Anne Davies	ü	X	ü	ü	ü	ü	ü	7	86%
Christina Macaulay	ü	ü	ü	ü	ü	ü	ü	7	100%
Emeritus Prof. Richard Gareth Wyn Jones	ü	ü	ü	ü	ü	NA	ü	6	100%
Miriam Hazel Griffiths	ü	ü	ü	ü	ü	NA	ü	6	100%
Prof. Jonathan Osmond	X	X	Deceased 21 06 14					3	0%
David Beresford Vokes	ü	X	X	ü	Deceased 30 11 14			4	50%
Prof. Tony Atkins	ü	ü	ü	ü	X	ü	ü	7	86%
Victoria Mary Provis	ü	ü	ü	ü	ü	NA	ü	6	100%
Keshav Singhal	ü	ü	X	ü	ü	ü	X	7	71%
Robert Pickard	ü	ü	ü	x	ü	ü	ü	7	86%
Glenda Jones	ü	ü	ü	ü	ü	ü	ü	7	100%
Laurie Pavelin	ü 1st meeting	ü	ü	ü	ü	ü	ü	7	100%
Carol Bell	ü 1st meeting	X	ü	ü	X	ü	X	4	57%
Hywel Ceri Jones			X 1st meeting	ü	ü	NA	ü	4	75%
Kay Andrews			ü Trustee elect	NA	X 1st meeting	NA	ü	2	50%

It is with great sadness that we report the deaths of Professor Jonathan Osmond in June 2014 and David Vokes in November 2014. Jonathan had been a Trustee since 2007 and was also Chair of the St Fagans Redevelopment Project Commissioning Group, a member of the Museum's Audit Committee, and a member of the Art Advisory Group. A long-standing supporter of Amgueddfa Cymru, David had been a Trustee since April 2010 and was a member of the Performance Review Committee. Their contributions will be greatly missed.

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

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



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

Day-to-day operational issues are led and managed by the Directorate, the details of which are also included in this report. All members of the Directorate are appointed through open competition and employed under the standard Terms and Conditions of Employment, applicable to all staff, with the exception of the Director General whose terms of appointment are agreed with the Welsh Government.

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

Amgueddfa Cymru supports Lord Nolan's seven principles for public life, and endorses 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 the 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 a 'slimmed down' corporate induction. In addition, departments provide role-specific training that includes health and safety relating both to the role and the department in which they are volunteering.

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 disciplinary 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 within their areas of responsibility and that controls operate effectively.

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

In 2014/15 over 1.6 million people visited the museums. We take the safety of staff and visitors seriously and have a series of policies and procedures, including a policy on Child Protection, in place to support this.

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

Responsibility for decision making in relation to 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 the Internal Auditors, who attend the Risk Management Group meetings, and by the experience of the independent members of the Audit Committee, the process is 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 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 updated and re-launched with the assistance of the Internal Auditors in 2012/13.

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.

Threats to the security of all our assets is a fundamental risk, requiring mitigating actions. The other major risk is reduced income due to future reductions in grant-in-aid and the erosion of existing funding in real terms, which is being mitigated by the Change 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 Committee and Audit Committee receiving reports on and reviewing data handling arrangements.

There were no information security breaches during the year.

During 2012/13 we developed and approved a Knowledge & Information Management Strategy and an ICT Strategy, which are being implemented. Both strategies will be reviewed and updated.

In 2014/15 the Audit Committee received an internal audit report on Marketing & External Communication which focused on use of on-line communication and social media. The controls and processes in place were found to be suitable and adequate.

The Audit Committee receive an annual report in respect of compliance with the Freedom of Information and Data Protection Acts. There were no issues of non-compliance to report in 2014/15.

We are currently piloting an Electronic Document and Records Management System for Corporate, Finance and IT documents. The project objectives include:

- defining a standard information architecture to maintain necessary security while opening up our data to all members of staff and user communities;
- providing 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 with the President as part of a bi-annual 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 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 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. We have also endorsed the National Principles for Public Engagement in Wales.

We work closely with the Welsh Government and are a member of the Steering Group taking forward the Welsh Government's Museums Strategy for Wales, which identifies three key principles:

- museums for everyone
- a collection for the nation
- working effectively.

These principles are reflected in our Vision, Vision Map and Operational Plan and our contribution to the Welsh Government's Museums Strategy for Wales is monitored via an action plan that is updated and presented to the Board of Trustees annually.

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

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

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

We have a publications scheme and stakeholders are able to access a wide 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. 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 Directorate, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Accounting Officer has been advised on the 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 in section 5 on “Governance Issues and Future Improvements” below.

In 2012/13 we introduced a programme of evaluation questionnaires for completion by the Board, the Performance Review Committee and the Audit Committee. Individual Trustee appraisals, conducted by the President on a biannual basis, were also introduced.

The findings from the evaluation process conducted at the end of 2013/14 were generally very positive, as they were for 2012/13. Issues raised included Amgueddfa Cymru’s resource capacity to implement its strategy and objectives in the current economic climate, and to ensure that significant programmes and projects are clearly aligned to the strategy and fall within the organization’s remit.

During 2014/15 the Board decided that, going forward, the evaluation process would be completed on a biannual basis, with the next evaluation due at the end of 2015/16.

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 the Internal Auditors including their independent opinion on the adequacy and effectiveness of the systems of internal control, together with recommendations for improvement
- An annual report from Internal Audit. Based on the internal audit work for the year ended 31 March 2015, the Internal Auditor concluded that we have adequate and effective risk management, control and governance processes to manage the achievement of its objectives.
- The Internal Auditor conducts a review of compliance the principles of the Code of Good Governance for the Third Sector in Wales on a 3 yearly basis; the review carried out in 2012/13 confirmed that overall we have appropriate controls in place for each of the principles.
- 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 and the External Audit Management Letter.

During 2014/15, the process of reviewing and renewing our Vision, initiated towards the end of 2013/14, continued. Staff were engaged with this process through focus groups and briefings. The new Vision was agreed by the Board in March 2015 and will be published in its final form in 2015/16.

The challenge is to deliver our Vision in the context of the economic climate and specifically the reductions in grant-in-aid from the Welsh Government. Moving forward we will:

- challenge and change existing working practices
- identify and implement more effective and innovative ways of working
- further review our structures to support delivery of the new Vision
- review front-of-house operations
- seek to improve income generation
- review delegation arrangements

- implement the Human Resources Strategy
- implement the Action Plan arising from the Staff Survey conducted in 2014/15
- develop and implement the Training and Development Strategy
- review the Job Evaluation Scheme and Performance & Development Review process
- implement a new Finance Accounting system, complete implementation of new Human Resources system, and complete the pilot phase of the new Electronic Document Management System
- propose new Pension Scheme arrangements
- implement changes to the Severance Scheme

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

6. Certification of Annual Governance Statement

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

David Anderson
Accounting Officer and Director General

Approved and signed on 16 July 2015

Laurie Pavelin
Treasurer, on behalf of the Board of Trustees

Approved and signed on 16 July 2015

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the National Museum of Wales for the year ended 31 March 2015 under section 9 (4) of the Museums & Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes, which include a remuneration report. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Board of Trustees, the Accounting Officer and auditor

As explained more fully in the Statement of the Board of Trustees and Director General's Responsibilities, the Board of Trustees is responsible for preparing the Financial Report, which includes the Remuneration Report and the financial statements, in accordance with the section 9 (4) of the Museums & Galleries Act 1992 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Museum of Wales circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Museum of Wales; and the overall presentation of the financial statements.

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

In addition I read all the financial and non-financial information in the Financial Report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of Wales affairs as at 31 March 2015 and of its incoming resources and application of resources, gains and losses and cash flows for the year then ended; and

- have been properly prepared in accordance with Welsh Ministers' directions issued under the Museums & Galleries Act 1992.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions and
- the information included within the Financial Report is consistent with the financial statements.

Matters on which I report by exception

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

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
21 July 2015

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2015

	Notes	Public funds Restricted £'000	Public funds Unrestricted £'000	Private Funds Restricted £'000	Private Funds Unrestricted £'000	**2014/15 Total £'000**	2013/14 Total £'000
INCOMING RESOURCES							
Income Resources from Generating Funds:							
Voluntary Income							
Grants	2	3,826	23,801	0	0	**27,627**	28,111
Donations & Bequests	3	95	0	2,892	265	**3,252**	2,885
		3,921	**23,801**	**2,892**	**265**	**30,879**	30,996
Activities for Generating Funds							
Income from Trading Subsidiary	4	0	2,923	0	0	**2,923**	2,857
Investment Income		0	0	45	5	**50**	55
Total Income Resources from Generating Funds		**3,921**	**26,724**	**2,937**	**270**	**33,852**	33,908
Other Income	5	0	1,433	5	1	**1,439**	1,448
TOTAL INCOMING RESOURCES		**3,921**	**28,157**	**2,942**	**271**	**35,291**	35,356
RESOURCES EXPENDED	6&7						
Costs of Generating Funds:							
Costs of Generating Voluntary Income		0	499	4	63	**566**	551
Costs of Trading Subsidiary	4	0	2,402	0	0	**2,402**	2,312
		0	**2,901**	**4**	**63**	**2,968**	2,863
Costs of Charitable Activities:							
Learning, Exhibitions & Digital Media		659	3,580	100	0	**4,339**	3,230
Collections & Research		3,622	6,166	185	2	**9,975**	9,232
Museum Operations		3,263	13,274	5	2	**16,544**	13,946
		7,544	**23,020**	**290**	**4**	**30,858**	26,408
Governance Costs		0	500	0	0	**500**	475
Pension Finance Costs	17e	0	454	0	0	**454**	500
TOTAL RESOURCES EXPENDED		**7,544**	**26,875**	**294**	**67**	**34,780**	30,246
SHARE OF JOINT VENTURE	8	**(79)**	**0**	**0**	**0**	**(79)**	(79)
NET INCOMING RESOURCES FOR THE FINANCIAL YEAR		**(3,702)**	**1,282**	**2,648**	**204**	**432**	5,031
Unrealised Gains on revaluation of fixed assets intended for Charity Use	9	5,238	13	72	21	**5,344**	6,695
Realised/Unrealised Gains on market valuation of investments	11	0	0	103	23	**126**	128
Actuarial Gains/(Losses) on defined benefit pension scheme	17d	0	144	0	0	**144**	(8,163)
NET MOVEMENT IN FUNDS DURING THE FINANCIAL YEAR		**1,536**	**1,439**	**2,823**	**248**	**6,046**	3,691
FUND BALANCES B/FWD AT 1 APRIL 2014	18	**108,210**	**(26,161)**	**7,682**	**1,234**	**90,965**	87,274
FUND BALANCES C/FWD AT 31 MARCH 2015	18	**109,746**	**(24,722)**	**10,505**	**1,482**	**97,011**	90,965

The above SOFA includes all recognised gains and losses.

All activities are continuing.

The non-consolidated net increase in funds recorded in Amgueddfa Cymru's own Statement of Financial Activities during 2014/15 was £6,010,000 (an increase of £3,685,000 in 2013/14).

The notes on pages 38 to 61 form part of these accounts.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

	Notes	Amgueddfa Cymru 2015 £'000	Amgueddfa Cymru 2014 £'000	Consolidated 2015 £'000	Consolidated 2014 £'000
FIXED ASSETS					
Tangible Assets	9	**82,239**	81,591	**82,283**	81,600
Heritage Assets	10	**21,520**	20,145	**21,520**	20,145
Share of Joint Venture:	8				
Share of gross assets		**9,530**	9,599	**9,530**	9,599
Share of gross liabilities		**(12)**	(2)	**(12)**	(2)
		9,518	9,597	**9,518**	9,597
Investments	11	**2,661**	2,533	**2,661**	2,533
		115,938	113,866	**115,982**	113,875
CURRENT ASSETS					
Stock	12	**31**	37	**412**	416
Debtors due within one year	13	**6,060**	4,939	**4,925**	4,151
Investments	21	**1,512**	506	**1,512**	506
Cash at bank and in hand	23	**6,132**	4,136	**7,126**	4,793
		13,735	9,618	**13,975**	9,866
CURRENT LIABILITIES					
Creditors due within one year	14	**(1,835)**	(1,688)	**(2,020)**	(1,882)
NET CURRENT ASSETS		**11,900**	7,930	**11,955**	7,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**127,838**	121,796	**127,937**	121,859
CREDITORS					
Amounts falling due after one year	15	**(65)**	(108)	**(65)**	(108)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		**127,773**	121,688	**127,872**	121,751
Defined benefit pension scheme deficit	17a	**(30,861)**	(30,786)	**(30,861)**	(30,786)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		**96,912**	90,902	**97,011**	90,965
FUNDS	18				
Public Funds Restricted		**109,746**	108,210	**109,746**	108,210
Public Funds Unrestricted		**6,040**	4,562	**6,139**	4,625
Pension Reserve		**(30,861)**	(30,786)	**(30,861)**	(30,786)
Total Public Funds Unrestricted		**(24,821)**	(26,224)	**(24,722)**	(26,161)
Private Funds Restricted		**10,505**	7,682	**10,505**	7,682
Private Funds Unrestricted		**1,482**	1,234	**1,482**	1,234
		96,912	90,902	**97,011**	90,965

Signed on behalf of the Trustees by

David Anderson
Accounting Officer and Director General
Approved and signed on 16 July 2015

Laurie Pavelin
Treasurer, on behalf of the Board of Trustees
Approved and signed on 16 July 2015

The notes on pages 38 to 61 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Amgueddfa Cymru 2014/15 £'000	Amgueddfa Cymru 2013/14 £'000	Consolidated 2014/15 £'000	Consolidated 2013/14 £'000
Net Cash Inflow from Operating Activities	19	**5,203**	3,182	**5,582**	3,021
Capital Expenditure and Financial Investment	20	**(2,158)**	(2,178)	**(2,200)**	(2,184)
Management of Liquid Resources	21	**(1,006)**	(3)	**(1,006)**	(3)
Financing	22	**(43)**	(44)	**(43)**	(44)
Increase in Cash	23	**1,996**	957	**2,333**	790

The notes on pages 38 to 61 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2015

1. Accounting Policies

1.1 Basis of Accounting

The Accounts are prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets at their value to Amgueddfa Cymru. They have been prepared in accordance with the Accounts Direction issued by the Welsh Ministers with the consent of the Treasury. Without limiting the information given, the Accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities, issued by the Charities Commissioners for England and Wales, and the accounting statements issued or adopted by the Accounting Standards Board in so far as those requirements are appropriate. HM Treasury has confirmed that the exemptions contained in the Charities SORP in respect of the need to disclose the historic cost of tangible fixed assets may apply.

1.2 Joint Venture Undertakings

Amgueddfa Cymru and the City & County of Swansea are two equal members in National Waterfront Museum Swansea 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 gross equity method of accounting. The accounts of NWMS Ltd for the year to 31 March 2015 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 2015 were approved on 7 July 2015 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 Incoming Resources

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met. Grants are credited to the Statement of Financial Activities on a receivable basis, 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 conditions for their receipt have been met.

1.5 Resources Expended

Expenditure is allocated across expenditure heads on the basis of direct allocation and indirect apportionment in the case of support costs as appropriate. The cost of generating funds includes all expenditure associated with the trading subsidiary and fundraising. The cost of charitable activities includes all expenditure associated with Learning, Exhibitions and Digital Media; Collections and Research; and Museum Operations. Governance costs include all expenditure associated with corporate and strategic planning, Board and

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

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

1.6 Tangible Fixed Assets

All items of a capital nature costing in excess of £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. As the cumulative effect of this change on the Accounts is not material, no adjustment has been made to prior years to reflect the change in capitalisation threshold.

Land and buildings assets are professionally valued every five years on the basis of their existing use value or depreciated replacement cost value as appropriate and are revalued using an index in the intervening period. Routine maintenance work in respect of these properties is written off in the year in which it is undertaken.

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

An annual impairment review is carried out by management.

1.7 Heritage Assets

Heritage assets are defined as assets of historic, artistic or scientific importance that are held to advance preservation, conservation and educational objectives of charities and through public access contribute to the nation's culture and education at either a national or local level. These assets are central to the achievement of 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 (c. 5.1 million items) cannot be justified on cost/benefit grounds. Donated or part-donated assets are valued with reference to invoices or other documentation where available, and otherwise by curatorial staff.

1.8 Depreciation

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

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

- As permitted by the Charities SORP 2005, heritage assets are not depreciated. It is the opinion of the Trustees that with regard to works of art their residual value is

higher than the carrying value and with regard to other heritage assets their estimated useful life is of such length that depreciation is not material.

- Plant, equipment, fixture and fittings are depreciated over 5-10 years. In specific cases of items subject to technological changes or with a high obsolescence factor, a 3-year life is used. Other specific items may have a longer depreciation period.

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

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

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 have voluntarily adopted an accounting policy recognising accruals at year-end for staff holiday entitlement that has not yet been taken and which is being carried forward to the following year.

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

1.14 Taxation
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.

2. Grants Receivable

	Public Restricted £'000	Public Unrestricted £'000	**2014/15 £'000**	2013/14 £'000
Revenue Grant-in-Aid	0	22,997	**22,997**	22,436
Specimen Purchase Grant-in-Aid	538	0	**538**	538
Capital Grant-in-Aid	2,444	0	**2,444**	3,005
Other government grant	844	804	**1,648**	2,132
	3,826	**23,801**	**27,627**	28,111

We received total Grant-in-Aid from the Welsh Government of £25,979,000 (£25,979,000 in 2013/14) which comprises the Revenue, Specimen Purchase and Capital Grant-in-Aid.

Other government grant included: Heritage Lottery Fund grant of £1,159,000 (£1,350,000 in 2013/14), European Union grant of £6,000 (£8,000 in 2013/14), Arts Council of Wales grant of £12,000 (£nil in 2013/14), Cardiff Council grant of £4,000 (£nil in 2013/14) and Welsh Government grant of £467,000 (£774,000 in 2013/14).

3. Donations & Bequests

	Public Funds		Private Funds			
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	**2014/15 £'000**	2013/14 £'000
Donated Assets	0	0	1,240	0	**1,240**	1,264
Other donations	95	0	1,652	265	**2,012**	1,621
	95	**0**	**2,892**	**265**	**3,252**	2,885

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

4. 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.

	2014/15	2013/14
	£ '000	£ '000
Turnover	**2,744**	2,647
Cost of sales	**(2,049)**	(2,013)
Gross Profit	**695**	634
Administrative expenses	**(345)**	(291)
Other operating income	**179**	210
Profit on ordinary activites before interest	**529**	553
Interest payable	**(8)**	(8)
Profit on ordinary activites before taxation	**521**	545
Tax on profit on ordinary activities	**0**	0
Profit for the financial year	**521**	545
Gift aid payable to the Museum	**(485)**	(540)
Retained profit for the financial year	**36**	5

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

5. Other Income

	Public Funds		Private Funds			
	Restricted	Unrestricted	Restricted	Unrestricted	**2014/15**	2013/14
	£'000	£'000	£'000	£'000	**£'000**	£'000
Learning, Exhibitions & Digital Media	0	116	0	0	**116**	141
Collections & Research	0	277	0	0	**277**	387
Museum Operations	0	990	0	0	**990**	834
Support	0	50	5	1	**56**	86
	0	**1,433**	**5**	**1**	**1,439**	1,448

6. Total Resources Expended

(a) Amgueddfa Cymru

	Direct Costs	Depre-ciation	Impairment of fixed asset	Support Costs Marketing, Press & PR	Finance	ICT	Human Resources	**2014/15**	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Costs of Generating Funds									
Cost of Generating Voluntary Income	499	0	0	17	10	24	16	**566**	551
	499	0	0	17	10	24	16	**566**	551
Costs of Charitable Activities									
Learning & Programmes	3,479	105	527	58	34	81	55	**4,339**	3,230
Collections & Research	6,436	495	2,478	145	84	201	136	**9,975**	9,232
Museum Operations	12,728	521	2,609	216	126	300	203	**16,703**	14,106
	22,643	1,121	5,614	419	244	582	394	**31,017**	26,568
Governance Costs									
External and Internal Audit	55	0	0	0	0	0	0	**55**	54
Strategic & Corporate Planning	120	0	0	0	0	0	0	**120**	167
Finance & Other costs	189	0	0	0	0	0	0	**189**	114
Support	0	0	0	35	20	48	33	**136**	140
	364	0	0	35	20	48	33	**500**	475
Pension Finance Costs	454	0	0	0	0	0	0	**454**	500
Total Resources Expended	**23,960**	**1,121**	**5,614**	**471**	**274**	**654**	**443**	**32,537**	28,094

(b) Consolidated

	Direct Costs	Depre-ciation	Impairment of fixed asset	Support Costs Marketing, Press & PR	Finance	ICT	Human Resources	**2014/15**	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Costs of Generating Funds									
Cost of Generating Voluntary Income	499	0	0	17	10	24	16	**566**	551
Cost of Trading Subsidiary	2,395	7	0	0	0	0	0	**2,402**	2,312
	2,894	7		17	10	24	16	**2,968**	2,863
Costs of Charitable Activities									
Learning & Programmes	3,479	105	527	58	34	81	55	**4,339**	3,230
Collections & Research	6,436	495	2,478	145	84	201	136	**9,975**	9,232
Museum Operations	12,569	521	2,609	216	126	300	203	**16,544**	13,946
	22,484	1,121	5,614	419	244	582	394	**30,858**	26,408
Governance Costs									
External and Internal Audit	55	0	0	0	0	0	0	**55**	54
Strategic & Corporate Planning	120	0	0	0	0	0	0	**120**	167
Finance & Other costs	189	0	0	0	0	0	0	**189**	114
Support	0	0	0	35	20	48	33	**136**	140
	364	0	0	35	20	48	33	**500**	475
Pension Finance Costs	454	0	0	0	0	0	0	**454**	500
Total Resources Expended	**26,196**	**1,128**	**5,614**	**471**	**274**	**654**	**443**	**34,780**	30,246

The amount of £40,165 (£40,165 in 2013/14) is included in resources expended for external auditors' remuneration, £39,565 (£39,565 in 2013/14) for the audit fee and £600 (£600 in 2013/14) for other work. This includes £4,325 (£4,325 in 2013/14) for the trading subsidiary audit fee and £600 (£600 in 2013/14) for other work for the trading subsidiary.

The amount of £6,000 (£13,000 in 2013/14) is included in resources expended in respect of EU grant related expenditure.

57.7% of total resources expended during the year were on staff costs (70.4% in 2013/14). If the one-off impairment of fixed assets regarding the St Fagans redevelopment project, included in the table above, is excluded staff costs would be 68.8% of total resources expended, a slight reduction on the previous year.

7. Staff Costs

(a) Staff Costs during the year:

	Consolidated	
	2014/15	2013/14
	£'000	£'000
Salaries & Wages	**15,153**	15,624
Social Security Costs	**1,066**	1,134
FRS17 Pension Service Costs (note 17e)	**2,824**	3,108
Severence Costs	**566**	939
	19,609	20,805
FRS17 Pension Finance Costs (note 17e)	**454**	500
	20,063	21,305

Included within the staff costs are £1,101,000 (£1,070,000 in 2013/14) relating to the trading subsidiary.

We undertook a Voluntary Redundancy Scheme, enhancing statutory payments by a factor of 4, which was taken up by 14 employees in 2014/15, incurring costs of £566,000 (£939,000 in 2013/14). Strain costs to our pension scheme amounted to £62,000 (£838,000 in 2013/14) and have been factored into the actuarial valuation disclosed in Note 17.

Included within operating costs is an amount of £9,000 (£29,000 in 2013/14) for agency staff.

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

	Permanent Staff	Other Staff	**2014/15 Number**	2013/14 Number
Trading Subsidiary	36	3	**39**	38
Fundraising	6	1	**7**	6
Learning, Exhibitions & Digital Media	44	7	**51**	51
Collections & Research	101	7	**108**	116
Museum Operations	254	34	**288**	293
Support	53	6	**59**	63
	494	58	**552**	567

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

Single Total Figure of Remuneration	Salary band 2014/15 (2013/14) £'000	Bonus band 2014/15 (2013/14) £'000	Benefits in kind 2014/15 (2013/14) £'000	Pension benefits 2014/15 (2013/14) £'000	**Total band 2014/15 (2013/14) £'000**
David Anderson Director General	95-100 (95-100)	- (5-10)	- -	20 (19)	**115-120** (125-130)
Mark Richards Director of Operations & Deputy Director General	80-85 (80-85)	- -	- -	15 (6)	**95-100** (85-90)
John Williams-Davies Director of Collections & Research	- (55-60)	- -	- -	- (-5)	**-** (50-55)
Neil Wicks Director of Finance & Corporate Resources	70-75 (70-75)	- -	- -	15 (6)	**85-90** (75-80)
Janice Lane Director of Learning, Exhibitions & Digital Media	70-75 (70-75)	- -	- -	38 (25)	**110-115** (95-100)
Peter Wakelin Director of Collections & Research	75-80 (15-20)	- -	- -	15 (3)	**90-95** (20-25)

The directors were employed for the whole of 2013/14 and 2014/15, except as follows:

- John Williams-Davies left office on 31 December 2013. His emoluments as Director of Collections & Research consisted of a basic salary as shown above. His annualised salary for 2013/14 was between £70,000 and £75,000.

- Peter Wakelin took up office on 1 January 2014, and left office on 10 January 2015. His emoluments as Director of Collections & Research consisted of a basic salary as shown above. His annualised salary for 2013/14 was between £70,000 and £75,000 and for 2014/15 was between £75,000 and £80,000.

The emoluments of the Director General consisted of a basic salary of £100,000 (£100,000 in 2013/14) plus a non-consolidated bonus based on performance of £nil (£8,500 in 2013/14). In June 2015 the Remuneration Committee agreed a bonus for the Director General of £8,500 for 2014/15, however the Director General had given up his rights to this bonus prior to 31 March 2015. The bonus for 2013/14 was gift aided back to Amgueddfa Cymru.

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 430, as the real increase in pension multiplied by 20 plus the real increase in any lump sum, excluding inflation, contributions made by the individual, and any transfer of pension rights.

Pension Benefits	Real increase/ (decrease) in pension and related lump sum at age 60 £	Accrued pension at age 60 at 31 March 15 and related lump sum £	CETV at 31 March 15 £'000	CETV at 31 March 14 £'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	5-10,000 plus 15,000-20,000 lump sum	134	89	36
Mark Richards Director of Operations & Deputy Director General	0-2,500 plus 2,500-5,000 lump sum	15,000-20,000 plus 45,000-50,000 lump sum	415	328	79
Neil Wicks Director of Finance & Corporate Resources	0-2,500 plus 2,500-5,000 lump sum	25,000-30,000 plus 75,000-80,000 lump sum	459	343	109
Janice Lane Director of Learning, Exhibitions & Digital Media	0-2,500 plus 5,000-7,500 lump sum	20,000-25,000 60,000-65,000 lump sum	365	258	100
Peter Wakelin Director of Collections & Research	0-2,500 plus 2,500-5,000 lump sum	0-5,000 plus 0-5,000 lump sum	21	3	11

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

(d) Employees (excluding directors) whose emoluments exceeded £60,000

There was one employee (one in 2013/14) whose emoluments were between £70,001 and £79,999. There were seven employees (seven in 2013/14) 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 in note 7(c) above.

(e) Median Remuneration

WGSBs are required to disclose the relationship between the remuneration of the highest-paid director in their organization and the median remuneration of the organization's workforce. The banded remuneration of the Director General, who is the highest-paid director in 2014/15 was £95,000-£100,000 (2013/14 £105,000-£110,000). This was 4.1 times (2013/14 4.5 times) the median remuneration of the workforce, which was £23,723 (2013/14, £23,699). No employees received remuneration in excess of the Director General in 2014/15 or 2013/14. 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.

	2014/15	2013/14
Band of Highest Paid Individual's Remuneration	**95,000-100,000**	105,000-110,000
Median Total	**23,723**	23,699
Ratio	**4.1**	4.5

(f) 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 £14,000 (£9,000 in 2013/14). A total of 19 trustees were reimbursed expenses during the year.

8. 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**	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Voluntary Income: Contributions	**5**	5	**2**	2
Investment income	**0**	0	**0**	0
Other incoming resources	**0**	0	**0**	0
Total incoming resources	**5**	5	**2**	2
Charitable activity expenditure	**157**	157	**79**	79
Governance costs	**5**	5	**2**	2
Total resources expended	**162**	162	**81**	81
Revaluation of Fixed Assets	**0**	0	**0**	0
Net Movement in Funds	**(157)**	(157)	**(79)**	(79)

	Total Assets and Liabilities		Share of Assets and Liabilites	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Fixed Assets	**19,037**	19,194	**9,518**	9,597
Current Assets	**23**	3	**12**	2
Liabilities due within one year	**(23)**	(3)	**(12)**	(2)
Liabilities due after more than one year	**(46)**	(47)	**0**	0
Net Assets	**18,991**	19,147	**9,518**	9,597
Funds				
General Fund (unrestricted)	**18,989**	19,144	**9,517**	9,595
Restricted Fund	**2**	3	**1**	2
	18,991	19,147	**9,518**	9,597

9. Tangible Fixed Assets

(a) Amgueddfa Cymru

	Freehold Land	Freehold Buildings	Leasehold Properties	Plant & Vehicles	Fixtures, Fittings & Equipment	**Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Valuation						
At 1 April 2014	1,883	20,460	60,468	1,065	2,315	**86,191**
Additions in Year	0	1,616	21	57	346	**2,040**
Impairment	0	(5,848)	0	0	0	**(5,848)**
Revaluation	133	1,141	4,282	0	0	**5,556**
At 31 March 2015	**2,016**	**17,369**	**64,771**	**1,122**	**2,661**	**87,939**
Depreciation						
At 1 April 2014	0	1,051	1,410	613	1,526	**4,600**
Charge for the Year	0	309	470	49	293	**1,121**
Impairment	0	(234)	0	0	0	**(234)**
Revaluation	0	80	133	0	0	**213**
At 31 March 2015	**0**	**1,206**	**2,013**	**662**	**1,819**	**5,700**
Net Book Value						
At 1 April 2014	1,883	19,409	59,058	452	789	81,591
At 31 March 2015	**2,016**	**16,163**	**62,758**	**460**	**842**	**82,239**

(b) Consolidated

	Freehold Land	Freehold Buildings	Leasehold Properties	Plant & Vehicles	Fixtures, Fittings & Equipment	**Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Valuation						
At 1 April 2014	1,883	20,460	60,468	1,065	2,364	**86,240**
Additions in Year	0	1,616	21	57	388	**2,082**
Impairment	0	(5,848)	0	0	0	**(5,848)**
Revaluation	133	1,141	4,282	0	0	**5,556**
At 31 March 2015	**2,016**	**17,369**	**64,771**	**1,122**	**2,752**	**88,030**
Depreciation						
At 1 April 2014	0	1,051	1,410	613	1,566	**4,640**
Charge for the Year	0	309	470	49	300	**1,128**
Impairment	0	(234)	0	0	0	**(234)**
Revaluation	0	80	133	0	0	**213**
At 31 March 2015	**0**	**1,206**	**2,013**	**662**	**1,866**	**5,747**
Net Book Value						
At 1 April 2014	1,883	19,409	59,058	452	798	81,600
At 31 March 2015	**2,016**	**16,163**	**62,758**	**460**	**886**	**82,283**

Our land and buildings were professionally valued on 31 March 2011 by M. A. Lawley of Cooke and Arkwright Chartered Surveyors. The valuations were in accordance with the requirements of the Royal Institute of Chartered Surveyors Valuation Standards and FRS15. The valuation of each property was on the bases and assumptions for owner occupied properties: being valued to Existing Use Value assuming that the properties would be sold as part of continuing business or by using the depreciated replacement cost method. In the intervening period those assets are revalued using indices. The index used for land and buildings is the BCIS All in Tender Price Index, estimated by Cooke & Arkwright Chartered Surveyors. The estimated index value was 257 in March 2015 (240 in March 2014).

The impairment reflects the demolition of part of the main building at St Fagans National History Museum as planned under the redevelopment project.

10. Heritage Assets

(a) Collection Management Policies

Collections of specimens are the raison d'être of museums and provide the fundamental database for all their work and objectives. We are the national repository of material relating to Wales's natural and created heritage and international material that helps define Wales's place in the world. Our collections number approximately 5.1m specimens or groups and are of international importance. We differ from other national museums and galleries in the UK by the range of our disciplines and by the number and range of sites that we operate.

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

(b) Collection Management Costs

	2014/15	2013/14
	£'000	£'000
Collection management costs		
Conservation	**996**	368
Collections Information	**241**	121
Collection Services	**145**	171
Collection Centre	**43**	130
	1,425	790

These costs are recognised in the Statement of Financial Activities. The increase in costs compared with 2013/14 is due to staff posts being transferred to the Conservation and Collections Information departments from other departments as part of the restructuring process.

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

	Art	Historic Buildings	Other	**Total**
	£'000	£'000	£'000	**£'000**
Donated Assets	6,407	160	144	**6,711**
Purchased Assets	8,126	5,619	1,064	**14,809**
Total at 31 March 2015	**14,533**	**5,779**	**1,208**	**21,520**

(i) Heritage Assets donated during the year

	Art	Historic Buildings	Other	**Total**
	£'000	£'000	£'000	**£'000**
Portrait of Captain John Jones - Guan Zoulin	50	-	-	**50**
View of St Helen's House, Swansea - British School	20	-	-	**20**
Liverpool Docks - The Boyle Family	130	-	-	**130**
Tree on Primrose Hill - Frank Auerbach	1,008	-	-	**1,008**
Untitled (Triptych) - Dan Rees (Part donated)	32	-	-	**32**
Total Additions in Year	**1,240**	**0**	**0**	**1,240**
Total at 1 April 2014	5,167	160	144	5,471
Total at 31 March 2015	**6,407**	**160**	**144**	**6,711**

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**
Swansea Creamware Tea Canister - George Ridgway	10	-	-	**10**
Mountain Landscape - Alfred William Hunt	70	-	-	**70**
Untitled (Triptych) - Dan Rees (Part donated)	38	-	-	**38**
Ten Commandment Pots - Nicholas Pope	17	-	-	**17**
Total Additions in Year	**135**	**0**	**0**	**135**
Total at 1 April 2014	7,991	5,619	1,064	14,674
Total at 31 March 2015	**8,126**	**5,619**	**1,064**	**14,809**

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

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

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

	2014/15	2013/14	2012/13	2011/12	2010/11
	£'000	£'000	£'000	£'000	£'000
Art	**71**	25	43	47	105
Natural Science	**33**	71	93	79	68
Industry	**2**	2	0	8	5
Conservation	**7**	7	14	9	10
Library	**88**	78	103	131	142
History	**266**	112	171	144	155
	467	295	424	418	485

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

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

There are c. 5.1 million items in Amgueddfa Cymru's collections	
Archaeology & Numismatics	1,270,630
Art	44,107
Biodiversity	2,450,892
Geology	419,878
Industry	282,422
National Wool Museum	12,000
Library	261,762
Social & Cultural History	394,893
Total	**5,136,584**

(i) Archaeology & Numismatics: the Department holds a collection of 786,077 items at National Museum Cardiff, as well as 484,553 at the National Roman Legion Museum in Caerleon. Archaeology and numismatics (the study of coins and medals) tell us about the archaeology and history of Wales from the first use of caves 250,000 years ago to the start of the industrial revolution.

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

(iii) Biodiversity & Systematic Biology (BioSyb): the Department, an amalgamation of the former Botany and Zoology departments, holds a collection of 2,450,892 items at National Museum Cardiff. Specimens are on display in the natural history galleries, or can be viewed by appointment. The study of the earth's biodiversity and of how organisms interact is essential to our future wellbeing.

(iv) Geology: the Department holds 419,878 items at National Museum Cardiff. These include rocks, minerals and fossils that help us to understand the geological history of the Earth from its origins around 4,600 million years ago, and the processes involved in forming and shaping the Earth's crust. They provide evidence for how the Wales we know today has evolved over 700 million years.

(v) Industry: the Department has 282,422 objects in its collections. These are in the National Slate Museum in Llanberis, Big Pit: National Coal Museum in Blaenafon, the National Waterfront Museum in Swansea and in our Collections Centre in Nantgarw, where they can be viewed by appointment. The collection includes items from the coal, manufacturing, maritime and transport industries. The 1841 census records that Wales was the first nation in the world to have a higher proportion of its workforce employed in industry rather than agriculture – Wales was therefore 'the world's first industrial nation'.

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

(vii) Library: the main Library, housed at National Museum Cardiff, contains 261,762 books and periodicals, and approximately 3,000 volumes are added annually. It houses a collection of rare and special edition books, particularly in natural history. It is also a source of information for staff, and items can be viewed by the public by appointment.

(viii) Social & Cultural History: this collection holds 394,893 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.

11. Fixed Asset Investments

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
At 1 April 2014	**2,533**	2,388	**2,533**	2,388
Additions to investments at cost	**225**	495	**225**	495
Disposals at market value	**(223)**	(478)	**(223)**	(478)
Net Gain on Revaluation	**126**	128	**126**	128
Market Value at 31 March 2015	**2,661**	2,533	**2,661**	2,533

Of total investments of £2,661,000, £2,215,000 (£2,110,000 at 31 March 2014) was held in Restricted Private Funds and £446,000 (£423,000 at 31 March 2014) in Unrestricted Private Funds.

The historic cost of investments at 31 March 2015 was £2,068,000 (£1,933,000 at 31 March 2014). The portfolio consists of Collective Investments (Unit Trusts) authorised by the Securities and Investments Board (these were professionally valued by our investment managers, Barclays) and shareholdings (bequested to us) listed on the London Stock Exchange.

The investments were held in the following asset classes:

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
UK Listed Investments	**1,584**	1,547	**1,584**	1,547
Non UK Listed Investments	**1,004**	895	**1,004**	895
Cash & Cash Deposits	**73**	91	**73**	91
	2,661	2,533	**2,661**	2,533

12. Stock

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Shop Goods for Sale	**0**	0	**381**	379
Publications stock held separately	**31**	37	**31**	37
	31	37	**412**	416

13. Debtors

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Trade Debtors	**83**	270	**207**	378
Amount due from trading subsidiary	**993**	546	**0**	0
Loan due from trading subsidiary	**301**	301	**0**	0
Other Debtors	**2,567**	1,579	**2,567**	1,489
Prepayments	**2,116**	2,243	**2,151**	2,284
	6,060	4,939	**4,925**	4,151
Balances with:				
Central government bodies	**2,495**	1,554	**2,495**	1,464
NHS bodies	**0**	0	**1**	4
Local authorites	**16**	160	**17**	162
Sub total intra government balances	**2,511**	1,714	**2,513**	1,630
Bodies external to government	**3,549**	3,225	**2,412**	2,521
Total	**6,060**	4,939	**4,925**	4,151

Included within Prepayments is a payment of advance contributions to our pension scheme of £1,963,000 at 31 March 2015 (£2,082,000 at 31 March 2014).

14. Creditors: Amounts falling due within one year

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Loans	**43**	43	**43**	43
Trade Creditors	**281**	367	**353**	480
Accruals	**1,511**	1,278	**1,624**	1,359
	1,835	1,688	**2,020**	1,882
Balances with:				
Central government bodies	**233**	295	**233**	295
Local authorities	**0**	2	**0**	2
Sub total intra government balances	**233**	297	**233**	297
Bodies external to government	**1,602**	1,391	**1,787**	1,585
Total	**1,835**	1,688	**2,020**	1,882

15. Creditors: Amounts falling due after one year

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Loans	**65**	108	**65**	108

A total loan of £108,000 is outstanding from the Carbon Trust, repayable at £43,000 a year. £43,000 is due within 1 year, and the remaining £65,000 is due within 5 years.

16. Operating Lease Commitments

	Amgueddfa Cymru		Consolidated	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Expiring:				
Between one and five years	**0**	0	**2**	10

17. 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 2012. This was updated at 31 March 2015 by a qualified independent actuary using guidelines issued by HM Treasury.

The actuarial valuation at 31 March 2015 showed an increase in the deficit from £30,786,000 to £30,861,000. Our contribution to the scheme in the year to 31 March 2015 amounted to £2,940,000 (£3,005,000 to 31 March 2014) at a rate of 21.3% of Pensionable Remuneration. We also made additional payments to the scheme to meet the strain of early retirements on enhanced terms, amounting to £119,000 (£1,119,000 in 2013/14).

We expect to contribute £2,984,000 to the Scheme in 2015/16.

(a) Amounts in the balance sheet:

	2015	2014
	£'000	£'000
Fair value of assets	**111,525**	97,850
Defined benefit obligation	**(142,386)**	(128,636)
(Deficit)	**(30,861)**	(30,786)

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

	2015	2014
	£'000	£'000
Opening fair value of assets	**97,850**	89,594
Expected return	**5,069**	4,117
Employer's contributions	**3,059**	4,124
Members' contributions	**1,261**	1,288
Actuarial experience gains	**8,951**	3,206
Benefits paid	**(4,665)**	(4,479)
Closing fair value of assets	**111,525**	97,850

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

	2015	2014
	£'000	£'000
Opening defined benefit obligation	128,636	112,733
Current service cost	2,762	2,270
Curtailment	62	838
Members' contributions	1,261	1,288
Interest cost	5,523	4,617
Actuarial losses	8,807	11,369
Benefits paid	(4,665)	(4,479)
Closing defined benefit obligation	142,386	128,636

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

	2015	2014
	£'000	£'000
Actuarial experience gains/(losses) - fair value of assets (note 17b)	8,951	3,206
Actuarial gains/(losses) - present value of obligations (note 17c)	(8,807)	(11,369)
Actuarial gains/(losses)	144	(8,163)

(e) Amounts charged to resources expended:

	2015		2014	
	£'000	£'000	£'000	£'000
Current service cost	2,762		2,270	
Curtailment	62		838	
		2,824		3,108
Expected return on assets	(5,069)		(4,117)	
Interest cost	5,523		4,617	
		454		500
Total charge to resources expended		3,278		3,608

The above amounts charged to resources expended are included in staff costs, shown in note 7a to these accounts.

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

	2015	2014
Equities	59.80%	61.00%
Index Linked Gilts	15.40%	14.50%
Corporate bonds	10.90%	10.80%
Others	13.90%	13.70%

(g) Principal actuarial assumptions:

	2015	2014
Discount rate	**3.55%**	4.35%
Inflation - RPI	**3.20%**	3.50%
Inflation - CPI	**2.20%**	2.50%
Salary growth	**4.20%**	4.50%
Pension increases in payment - pre 2000	**3.20%**	3.50%
Pension increases in payment - post 2000	**2.20%**	2.50%
Pension increases in deferment	**2.20%**	2.50%
Expected return on assets	**4.00%**	5.20%
Assumes life expectancy currently age 65		
Male	**87.1**	87.1
Female	**89.1**	89.4
Assumes life expectancy currently age 45		
Male	**88.4**	88.4
Female	**90.6**	90.9

The expected rate of return utilised on assets of 4.0% is derived from the weighted expected return on each of the major categories of asset. In particular:

- The expected annual return on fixed interest and index linked gilts has been taken to be 2.2%, which is equal to the annualized yield on the FTSE 20 year gilts index at 31 March 2015;
- The expected annual return on corporate bonds has been taken to be 3.55%, which is equal to the discount rate;
- The expected return on equities has been taken to be 4.45% pa. This has been derived as 2.25% above the expected return on gilts;
- The expected return on property has been taken to be 4.45%, the same as the expected return on equities.

(h) Amounts for the current and previous four years:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	**111,525**	97,850	89,594	77,660	74,549
Defined benefit obligation	**(142,386)**	(128,636)	(112,733)	(92,591)	(87,875)
Deficit	**(30,861)**	(30,786)	(23,139)	(14,931)	(13,326)
Experience adjustments on assets	**8,951**	3,206	6,515	(2,208)	1,224
Experience adjustments on obligations	**(76)**	0	0	0	0

18. Statement of Funds

(a) Movement in Funds

	1 April 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Other Movements in Year £'000	**31 March 2015 £'000**
Public Funds					
Restricted - Capital	94,900	3,228	(6,971)	5,142	**96,299**
Restricted - Specimen	13,310	693	(573)	17	**13,447**
Total Restricted	108,210	3,921	(7,544)	5,159	**109,746**
Unrestricted	4,625	28,157	(26,656)	13	**6,139**
Pension Reserve	(30,786)	0	(219)	144	**(30,861)**
Total Unrestricted	(26,161)	28,157	(26,875)	157	**(24,722)**
Total Public Funds	**82,049**	**32,078**	**(34,419)**	**5,316**	**85,024**
Private Funds					
Restricted	7,682	2,942	(294)	175	**10,505**
Unrestricted	1,234	271	(67)	44	**1,482**
Total Private Funds	**8,916**	**3,213**	**(361)**	**219**	**11,987**
Total	**90,965**	**35,291**	**(34,780)**	**5,535**	**97,011**

Unrestricted Public Funds recorded in our own non-consolidated accounts at 31 March 2015 were £6,040,000 with £99,000 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.

(b) Analysis of Net Assets Between Funds

	Public Funds		Private Funds		
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	**2015 £'000**
Fixed Assets	106,746	801	7,676	759	**115,982**
Current Assets	3,150	7,273	2,829	723	**13,975**
Current Liabilities	(150)	(1,870)	0	0	**(2,020)**
Long term Liabilities	0	(65)	0	0	**(65)**
Net Assets (before pension liabilities)	**109,746**	**6,139**	**10,505**	**1,482**	**127,872**
Pension Liabilities	0	(30,861)	0	0	**(30,861)**
Net Assets (after pension liabilities)	**109,746**	**(24,722)**	**10,505**	**1,482**	**97,011**

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

	Amgueddfa Cymru		Consolidated	
	2014/15	2013/14	**2014/15**	2013/14
	£'000	£'000	**£'000**	£'000
Net incoming resources for the financial year	**396**	5,026	**432**	5,031
Share of Joint Venture	**79**	79	**79**	79
Donated Assets	**(1,240)**	(1,264)	**(1,240)**	(1,264)
Depreciation	**1,121**	1,158	**1,128**	1,162
Impairement of Fixed Asset	**5,614**	0	**5,614**	0
Decrease in Stocks	**6**	22	**4**	6
(Increase) in Debtors	**(1,121)**	(890)	**(774)**	(1,095)
Increase/(Decrease) in Creditors	**129**	(433)	**120**	(382)
FRS17 current year pension costs	**219**	(516)	**219**	(516)
Net Cash Inflow from Operating Activities	**5,203**	3,182	**5,582**	3,021

20. Capital Expenditure and Financial Investment

	Amgueddfa Cymru		Consolidated	
	2014/15	2013/14	**2014/15**	2013/14
	£'000	£'000	**£'000**	£'000
Payments to Acquire Tangible Fixed Assets	**(2,156)**	(2,161)	**(2,199)**	(2,167)
Payments to Acquire Investments	**(2)**	(17)	**(2)**	(17)
	(2,158)	(2,178)	**(2,201)**	(2,184)

21. Management of Liquid Resources

	Amgueddfa Cymru		Consolidated	
	2014/15	2013/14	**2014/15**	2013/14
	£'000	£'000	**£'000**	£'000
Investments at 1 April 2014	**506**	503	**506**	503
Increase in short term investments	**1,006**	3	**1,006**	3
Investments at 31 March 2015	**1,512**	506	**1,512**	506

22. Financing

	Amgueddfa Cymru		Consolidated	
	2014/15	2013/14	**2014/15**	2013/14
	£'000	£'000	**£'000**	£'000
Loans outstanding at 1 April 2014	**151**	195	**151**	195
Loan repayments	**(43)**	(44)	**(43)**	(44)
Loans outstanding at 31 March 2015	**108**	151	**108**	151

23. Movements in Cash

	Amgueddfa Cymru		Consolidated	
	2014/15	2013/14	**2014/15**	2013/14
	£'000	£'000	**£'000**	£'000
Net Cash at 1 April 2014	**4,136**	3,179	**4,793**	4,003
Net Cash Inflow	**1,996**	957	**2,333**	790
Net Cash at 31 March 2015	**6,132**	4,136	**7,126**	4,793

24. Capital Commitments

	2015	2014
	£'000	£'000
At the balance sheet date there were capital commitments of	**1,285**	1,363

Major commitments as at 31 March 2015 and 31 March 2014 related to the St Fagans redevelopment project.

25. Contingent Liabilities and Guarantees

As at 31 March 2015 there existed two claims against us for which there is no insurance cover, in respect of personal injury allegedly occurring at our museums. The maximum potential liability remains unknown. We continue to resist liability in these cases.

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

26. 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 2. We incurred expenditure with the Welsh Government of £7,025. We also received £33,877 in relation to service activities from the Welsh Government and £31,224 income from the National Assembly of Wales.

We made the following payments to other related parties in 2014/15:

- £38,391 to our solicitors, Geldards LLP. Huw Williams, an Independent Member of the Audit Committee, is a member and Vice-Chairman of Geldards LLP.

- £24,808 to Cardiff University. Dr Carol Bell, Trustee, is a member of the Council of Cardiff University. We also received income of £5,760 from Cardiff University during the year.

- £13,439 to the Museums Association. David Anderson, Director General, is a Board member of the Association.

- £8,675 to the Wales Millennium Centre. Dr Carol Bell, Trustee, is a Board member of the Wales Millennium Centre.

- £1,000 to Creative & Cultural Skills. David Anderson, Director General, is a Board member of Creative & Cultural Skills.

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

During the year Elisabeth Elias, President, J. Peter W. Morgan, Treasurer, Laurie Pavelin, Treasurer, Gareth Williams, Trustee and Glenda Jones, Trustee, served as directors of NWMS Ltd referred to in Note 8 of the Accounts. None of the directors receive remuneration from this company.

27. Post Balance Sheet Events

The Accounting Officer authorised these financial statements for issue on 16 July 2015. There were no other post balance sheet events.

By virtue of paragraph(s) vi of Standing Order 17.42

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