

**METRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
GALLERIES OF WALES ENTERPRISES LIMITED**

Report of the Directors and

Audited Financial Statements

for the year ended 31 March 2014

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**MENTRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
GALLERIES OF WALES ENTERPRISES LIMITED**

**Contents of the Financial Statements
for the year ended 31 March 2014**

Contents to the Financial Statements

	Page Number
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	5
Profit & Loss Account	7
Balance Sheet	8
Notes to the Financial Accounts	9

**MENTRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
GALLERIES OF WALES ENTERPRISES LIMITED**

**Company Information
for the year ended 31 March 2014**

Page 1

DIRECTORS:

Gareth Williams – Chairman	(to 31 st May 2014)
Christopher Jackson – Chairman	(from 24 th June 2014)
Karen James – Watkins (CEO)	(from 1 st July 2013)
Philip Smith (CEO)	(to 28 th June 2013)
David Anderson	
Christina Macaulay	
Mark Richards	
Elizabeth Elias	
Richard Gloster	

SECRETARY:

Neil Wicks

REGISTERED OFFICE:

Amgueddfa Cymru - National Museum Wales
Cathays Park
CARDIFF
CF10 3NP

REGISTERED NUMBER:

02449244 (England and Wales)

AUDITORS:

KTS OWENS THOMAS LIMITED
Chartered Accountants and Statutory Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN

The directors present their report with the financial statements of the company for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The company's principle activities for the year ending 31 March 2014 related to all commercial sales made by the Museum group.

Commercial sales consist of retail & catering services; corporate hire / letting; income received from car parking with other activities (as detailed in note 2). The Museum currently operates seven sites (National Museum Cardiff; St Fagans National History Museum; Big Pit National Coal Mining Museum; National Wool Museum; National Roman Legion Museum; National Slate Museum & National Collections Centre) and one joint venture (National Waterfront Museum Swansea).

REVIEW OF BUSINESS

The results for the year and the financial position of the company are as shown in the financial statements.

The company is a wholly owned subsidiary of Amgueddfa Cymru - National Museum Wales, and until 1 April 2003 its activities only covered the sale of souvenirs at the National Coal Mining Museum. From 1 April 2003, the company took on other activities as noted above, in order to incorporate all of Amgueddfa Cymru's trading and related developments within this subsidiary company.

Key factors that have impacted on the business include:

- Whilst overall economic conditions have remained difficult, the management team who are supported by the Board, have continued to improve and develop the value and customer service of the Museum's commercial operations.
- During the twelve months attention was given to several initiatives that include: i.) Implementation of the new catering contract; ii.) Developing the online business; iii.) Expanding the offering of corporate entertaining products; and iv.) The on-going planning of commercial activity alongside the St Fagans redevelopment project.
- Operational attention has also been given to the catering and retail offers to fully support Amgueddfa Cymru – National Museum Wales. A catering consultant has been retained to work with the Museum team to develop and promote the scope and scale of our Welsh provenance.

TRADING PERFORMANCE

The company's performance during the year is presented in the Profit & Loss account on page 7, with a supporting year end position shown in the Balance Sheet on page 8. These accounts are prepared on a 'Going Concern' basis with the associated accounting policies declared under note 1 of the financial statements.

Trading performance is defined by set measures agreed by the board of Trustees and Directors at the beginning of the year. Governance reviews are conducted during quarterly board meetings.

The results at the end of the financial year include:

- The profit for the year exceeded target by £120k (28%) and demonstrated growth of £130k (31%) from the previous financial year.
- During the trading period a new source of income was introduced titled Facilitated Visitor Income whereby users would pay a small fee for bespoke tours of the Museum sites (typically schools). Facilitated Visitor Income accounted for an additional £23k of revenue within the year.
- Other income generating activities continued to show growth despite continued economic uncertainty and a reduction in visitor numbers by 6.6%.

-
- Image Licencing; Filming Rights and Corporate Hire have also shown growth throughout the year.
 - A reduction in Corporate Letting income occurred as one of the business units previously rented out at the National Waterfront Museum is now used to generate Corporate Hire Income.
 - A retail outlet (Gwalia Stores) became an 'in house' operation within the year to maximise growth of the retail offer at St. Fagans. The site of the new store had previously generated income through Corporate Letting.
 - Historically catering activities that are run by the Museum (in-house) have traded at a loss. However, due to tighter budget controls and target setting the loss has fallen to £50k (compared to £64k in the previous financial year).
 - A renegotiated franchise catering contract (contracted to an outside company) has increased profit by £39.5k in this trading year.
 - The net income (less costs) received from Car Park income was £455k. Car Park income continues to generate consistent returns and profit for the trading company year on year.
 - Retail profit (income less costs) has increased to £150k in the year (£30k increase from the previous year), partly due to the success of the Peter Blake Exhibition.
 - The company successfully recruited a new Chief Executive Officer who started very soon after the departure of her predecessor.

FUTURE DEVELOPMENTS

We have recently reviewed the three year business plan in conjunction with the Board following the appointment of the Chief Executive Officer. The new business plan identifies key areas for growth and development supported by the operational plan for the management team. Whilst incorporating a number of business recommendations delivered through a full Enterprises Review that was undertaken by the new Chair, Chris Jackson, and Richard Gloster. A further review of potential trading activities has also been presented early in 2014 and will be reflected in any future operational planning.

The following key principles will be developed to deliver sales growth (and hence growth in profit):

- i. Offering quality merchandise and catering with exceptional customer service throughout our sites.
- ii. Developing the franchise catering operation, thus maximising the benefits of the contract terms.
- iii. Exploring new media or other platforms that will support sales through the online shop.
- iv. Increasing sales of Corporate Hire
- v. Inspiring an environment of continuous improvement whilst providing exceptional service and quality throughout all of our operations.

There are other future factors to consider:

- The next stages of the St Fagans redevelopment will present challenges, however by operating the retail outlet at St Fagans (Gwalia Stores) as an 'in house' store there is scope to maintain commercial returns from this site.
- Further control and planning will ensure that all efforts are made to mitigate losses from the in-house catering operation and to support sales of franchise catering.

The Board is aware of the challenges to be faced within the next twelve months. This includes the potential for reduced sales due to challenging economic conditions and also the potential disruption ahead due to the St Fagans redevelopment project. The budget for 2014/15 sets stretching but achievable targets which can be consolidated into Amgueddfa Cymru's wider financial planning.

DIRECTORS

The directors shown below have held office during the period from 1 April 2014 to the date of this report or the date shown.

Gareth Williams (until 31st May 2014)
David Anderson
Christina Macaulay
Mark Richards

Philip Smith (until 28th June 2013)
Karen James – Watkins (appointed 1st July 2013)
Richard Gloster
Christopher Jackson

The directors have no beneficial interests in the shares of the company or of the parent body.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, and disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 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.

AUDITORS

The auditors, KTS OWENS THOMAS LIMITED, will be proposed for re-appointment at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

N.A. Wicks

Neil Wicks – Company Secretary

Date: *24/06/14*

**Report of the Independent Auditors to the Shareholders of
Mentrau Amgueddfeydd Ac Oriolau Cenedlaethol Cymru / National Museums & Galleries of Wales
Enterprises Ltd**

Page 5

We have audited the financial statements of Mentrau Amgueddfeydd Ac Oriolau Cenedlaethol Cymru / National Museums & Galleries of Wales Enterprises Ltd for the year ended 31 March 2014 on pages seven to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



**Report of the Independent Auditors to the Shareholders of
Mentrau Amgueddfeydd Ac Oriolau Cenedlaethol Cymru / National Museums & Galleries of Wales
Enterprises Ltd – continued**

Page 6

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Report of the Directors.

Gareth Lynn (Senior Statutory Auditor)
for and on behalf of KTS OWENS THOMAS LIMITED
Chartered Accountants and Statutory Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN

Date: 24-6-14

**MENTRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
GALLERIES OF WALES ENTERPRISES LIMITED**

**Profit and Loss Account
for the year ended 31 March 2014**

Page 7

		2014	2013
	Notes	£	£
TURNOVER	2	2,646,792	2,438,417
Cost of sales		(2,012,615)	(1,867,283)
GROSS PROFIT		634,177	571,134
Administrative expenses		(291,490)	(312,382)
		342,687	258,752
Other operating income	3	210,656	163,871
OPERATING PROFIT	4	553,343	422,623
Interest payable & similar charges		(8,294)	(7,518)
PROFIT ON ORDINARY ACTIVITIES		545,049	415,105
Tax on profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		545,049	415,105

The notes form part of these financial statements.

**MENTRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
GALLERIES OF WALES ENTERPRISES LIMITED**

(Registered Number : 02449244)


**Balance Sheet
As at 31 March 2014**


Page 8

	Notes	2014 £	2014 £	2013 £	2013 £
FIXED ASSETS					
Tangible assets	6		9,823		5,983
CURRENT ASSETS					
Stocks		379,677		363,681	
Trade debtors	7	148,667		133,390	
Cash at bank and in hand		656,574		824,094	
		<u>1,184,918</u>		<u>1,321,165</u>	
CREDITORS					
Amounts falling due within one year	8	(1,131,860)		(1,269,296)	
NET CURRENT ASSETS			53,058		51,869
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>62,881</u>		<u>57,852</u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Share premium account	10		25,628		25,628
Profit and loss account	10		37,153		32,124
SHAREHOLDERS' FUNDS			<u>62,881</u>		<u>57,852</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 24 June 2014 and were signed on its behalf by:


.....
Christopher Jackson - Chairman


.....
David Anderson - Director

The notes form part of these financial statements.

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Tangible fixed assets

Assets above the value of £1,500 are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures & Fittings - Straight line between 3 and 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. TURNOVER

	2014	2013
	£	£
Shop Sales	1,310,863	1,190,768
Car Park	514,644	526,057
In-house Catering	380,501	373,427
Corporate Hire	313,832	238,815
Corporate Letting	49,713	68,894
Facilitated Visitor Income	23,434	-
Mail Order	19,192	9,751
Image Licensing	18,253	16,415
Filming Rights	16,360	14,290
	<u>2,646,792</u>	<u>2,438,417</u>

The percentage of turnover arising outside of the U.K. is 0%, (2013 – 0.3%).

3. OTHER OPERATING INCOME

	2014	2013
	£	£
Income from Franchised Catering	<u>210,656</u>	<u>163,871</u>

4. OPERATING PROFIT

	2014	2013
	£	£
Depreciation - owned assets	3,561	2,461
Operating Lease Commitment - rental	124,456	130,081
Auditor's remuneration	<u>4,925</u>	<u>4,575</u>
Directors' emoluments and other benefits etc	<u>62,214</u>	<u>74,169</u>

All staff are employed by the parent body, Amgueddfa Cymru, who recharge the element of those costs incurred on behalf of National Museums and Galleries of Wales Enterprises Limited to the company. Therefore the above figures for directors' emoluments represent the consideration paid to Amgueddfa Cymru for making available the services of the directors.

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2014 nor for the year ended 31 March 2013.

6. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 April 2013	41,703
Additions in year	7,401
At 31 March 2014	<u>49,104</u>
DEPRECIATION	
At 1 April 2013	35,720
Charge for year	3,561
At 31 March 2014	<u>39,281</u>
NET BOOK VALUE	
At 31 March 2013	<u>5,983</u>
At 31 March 2014	<u>9,823</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade Debtors	108,014	121,168
Prepayments and accrued income	40,653	12,222
	<u>148,667</u>	<u>133,390</u>

Included within the Debtors is a pre-payment of a long term loan to Elinor accounting for £18,646

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade Creditors	112,751	79,926
Amounts owed to group undertakings	846,327	1,058,426
VAT	90,182	67,552
Accruals and deferred income	82,600	63,392
	<u>1,131,860</u>	<u>1,269,296</u>

Included within amounts owed to group undertakings is a loan to NMGW Enterprises Limited of £300,727 (2013: £300,727) from the parent body, Amgueddfa Cymru. This loan has been made on normal commercial terms with interest payable at 2% above the Bank of England base rate.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014 £	2013 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

10. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 April 2013	32,124	25,628	57,752
Profit for the year	545,049	-	545,049
Gift aid to parent company	(540,020)	-	(540,020)
At 31 March 2014	<u>37,153</u>	<u>25,628</u>	<u>62,781</u>

11. ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party is Amgueddfa Cymru – National Museum Wales, established by Royal Charter in 1907. It is a Welsh Government Sponsored Body, funded predominately by payments made by the Welsh Government.

Copies of the group financial statements of Amgueddfa Cymru are available from the Director of Finance, Amgueddfa Cymru - National Museum Wales, Cathays Park, Cardiff, CF10 3NP. Amgueddfa Cymru's accounts are audited by the Auditor General for Wales in accordance with Section 9 (4) of the Museums and Galleries Act 1992 and are laid before the Welsh Government.

12. RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Amgueddfa Cymru and, in accordance with Financial Reporting Standard 8, transactions with the parent company are not reported as consolidated financial statements of the parent company are publicly available.

During the year, the company did not purchase goods or services from any other related party.

Gift aid of £540,020 (2013 - £411,916) will be paid to Amgueddfa Cymru who are a charity under Royal Charter.

13. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2014	2013
	£	£
Expiring between one and five years	<u>10,000</u>	<u>7,500</u>

There is an on-going obligation for rental payments, (in regards of the rental recharged from retail and catering space over each of the museum sites), the longevity of which cannot be quantified, as a formal lease agreement is not in place between the organisations.