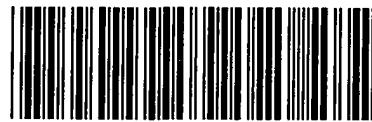


**METRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS
& GALLERIES OF WALES ENTERPRISES LIMITED**

**Report of the Directors and
Audited Financial Statements
For the year ended 31 March 2015**

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

**Contents of the Financial Statements
for the year ended 31 March 2015**

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

**Company Information
for the year ended 31 March 2015**

DIRECTORS:

Gareth Williams – Chairman (to 31st May 2014)
Christopher Jackson – Chairman (from 24th June 2014)
Karen James-Watkins - CEO
David Anderson
Christina Macaulay
Mark Richards
Richard Gloster
Richard Nash (from 24th June 2014)

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 Registered Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN

**Report of the Directors
for the year ended 31 March 2015**

The directors present their report with the financial statements of the company for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The company's principle activities for the year ending 31 March 2015 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 proved challenging, 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.) Supporting and development of the franchise catering contract; ii.) Developing the online business; iii.) Developing and 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 8, with a supporting year end position shown in the Balance Sheet on page 9. 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 £116k (28.6%) but demonstrated a decline of £23.8k (4.4%) from the previous financial year.
- The first full trading year of Facilitated Visitor Income presented an additional £35k of revenue.
- Continued growth in income generating activities have enabled an overall positive result. The 3.48% increase in visitor numbers despite continued economic uncertainty has benefited trading performance.

**Report of the Directors - continued
for the year ended 31 March 2015**

- Car Parking, Corporate Hire and Filming Rights have shown significant growth throughout the year.
- The net income (less costs) received from Car Park income was £480k. Car Park income continues to generate consistent returns and profit for the trading company year on year.
- An increase in Corporate Hire has resulted in a net income (less costs) of £116.2k, an increase of £42.8k on target and exceeding last year's profit by £50.3k. A strong working partnership with the franchise catering company and new initiatives have enabled this result.
- Filming has exceeded target by £15.8k (108.8%) and demonstrated growth of £16.5k (119.7%) from the previous financial year. Key high profile filming requests have assisted this performance in addition to the strong PR associated with such requests.
- The franchise catering contract (contracted to an outside company) exceeded profit by £16.1k in this trading year however demonstrated a decline of £44.5k (22.3%) from the previous financial year. This is directly attributable to the impact of the St Fagans development which was a known factor.
- A reduction in Corporate Letting income occurred as one of the business units previously rented out at St Fagans National History Museum is now operated as an in-house retail opportunity.
- The in-house catering activities that are run by the Museum have continued to trade at a loss and failed to achieve the target by £17.8k.
- Retail profit (income less costs) has fallen to £105.9k in the year (a decline of £44.4k on the previous year). It should be noted that the successful Peter Blake exhibition had contributed significantly to the previous year's strong result.
- The impact of St Fagans development has started to reflect in the trading performance however the full impact will be visible in the next trading period.

FUTURE DEVELOPMENTS

The recommendations from the Enterprise Review are now being implemented and are being reviewed and monitored against the updated three year business plan. The business plan identifies key areas for focus to enable growth and development and now reflects appropriate timescales and responsibilities. This in turn generates a tighter review and monitoring process to ensure Enterprises are maximising all potential income generation streams.

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

- i. Identifying and developing new income streams across all areas of Amgueddfa Cymru – National Museum Wales' activities.
- ii. Developing a consistent offering for quality merchandise and catering with exceptional customer service throughout our sites.
- iii. Developing and improving media platforms to support online sales through Image Licensing, Print on Demand and the online shop in partnership with the Digital Team and the redevelopment of the main website.
- iv. Developing the franchise catering operation, thus maximising the benefits of the contract terms.
- v. Developing new income streams and all inclusive packages to further enhance the Corporate Hire offer.
- vi. Inspiring an environment of continuous improvement whilst providing exceptional service and quality throughout all of our operations.

Key future factors to consider:

- The full impact of the St Fagans redevelopment will present challenges in the next financial year, for both Enterprises and the St Fagans site team. We will work with the site team to ensure that all income opportunities are maximised whilst maintaining a strong visitor experience.

**Report of the Directors - continued
for the year ended 31 March 2015**

- Further control and planning will ensure that all efforts are made to mitigate losses from the in-house catering operation.
- The franchise catering operation will be supported and developed in line with the progress of the St Fagans project. Attention will be given to the Joint Sales & Marketing Plan to develop and grow the business in both visitor and corporate hire 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 2015/16 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 – Chairman (to 31st May 2014)
Christopher Jackson – Chairman (from 24th June 2014)
Karen James-Watkins - CEO
David Anderson
Christina Macaulay
Mark Richards
Richard Gloster
Richard Nash (from 24th June 2014)

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

**Report of the Directors - continued
for the year ended 31 March 2015**

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 are giving a true and fair view of the state of affairs of the company and of the profit and loss of the company 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.

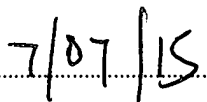
AUDITORS

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:


.....
Neil Wicks – Company Secretary

Date: 



**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
MENTRAU AMGUEDDFEYDD AC ORIELAU CENEDLAETHOL CYMRU /
NATIONAL MUSEUMS & GALLERIES OF WALES ENTERPRISES LTD**

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 2015 on pages eight 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 five, 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 2015 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 ORIELAU CENEDLAETHOL CYMRU /
NATIONAL MUSEUMS & GALLERIES OF WALES ENTERPRISES LTD – CONTINUED**

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 in preparing 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:

7th July 2015

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

**Profit and Loss Account
for the year ended 31 March 2015**

		2015	2014
	Notes	£	£
TURNOVER	2	2,743,822	2,646,792
Cost of sales		(2,069,602)	(2,012,615)
GROSS PROFIT		674,220	634,177
Administrative expenses		(324,660)	(291,490)
		349,560	342,687
Other operating income	3	179,185	210,656
OPERATING PROFIT	4	528,745	553,343
Interest received and similar income		-	-
Gain on currency movements		-	-
		528,745	553,343
Interest payable & similar charges		(7,518)	(8,294)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		521,227	545,049
Tax on profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		521,227	545,049

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

(Registered Number: 02449244)

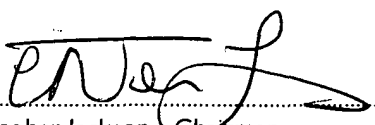
BALANCE SHEET

31 March 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	6	44,359	9,823
CURRENT ASSETS			
Stocks		375,472	379,677
Trade debtors	7	161,144	148,667
Cash at bank and in hand		993,793	656,574
		<u>1,530,409</u>	<u>1,184,918</u>
CREDITORS			
Amounts falling due within one year	8	(1,476,379)	(1,131,860)
NET CURRENT ASSETS		<u>54,030</u>	<u>53,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>98,389</u>	<u>62,881</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Share premium account	10	25,628	25,628
Profit and loss account	10	72,661	37,153
SHAREHOLDERS' FUNDS		<u>98,389</u>	<u>62,881</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 Directors on 7 July 2015 and were signed on its behalf by:


.....
Christopher Jackson – Chairman


.....
David Anderson – Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 March 2015**

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

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

	2015	2014
	£	£
Shop Sales	1,260,564	1,310,863
Car Park	537,893	514,644
In-house Catering	372,522	380,501
Corporate Hire	433,376	313,832
Corporate Lets	39,023	49,713
Facilitated Visitor income	35,194	23,434
Image Licensing	20,256	18,253
Filming Rights	39,936	16,360
Mail Order	5,058	19,192
	2,743,822	2,646,792

The percentage of turnover arising outside of the U.K. is 0%, (2014 – 0%).

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

**Notes to the Financial Statements - continued
for the year ended 31 March 2015**

3. OTHER OPERATING INCOME

	2015	2014
	£	£
Income from Franchised Catering	178,395	210,656
Sale of equipment	790	-
	<u>179,185</u>	<u>210,656</u>

4. OPERATING PROFIT

	2015	2014
	£	£
Depreciation - owned assets	7,298	3,561
Operating Lease Commitment - Rental	134,456	124,456
Auditor's remuneration	4,925	4,925
	<u>61,274</u>	<u>62,214</u>
Directors' emoluments and other benefits etc	<u>61,274</u>	<u>62,214</u>

All staff are employed by the parent body, Amgueddfa Cymru, which 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' employments 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 2015 nor for the year ended 31 March 2014.

6. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 April 2014	49,104
Additions in year	41,834
At 31 March 2015	<u>90,938</u>
DEPRECIATION	
At 1 April 2014	39,281
Charge for year	7,298
At 31 March 2015	<u>46,579</u>
NET BOOK VALUE	
At 31 March 2014	<u>9,823</u>
At 31 March 2015	<u>44,359</u>

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

**Notes to the Financial Statements - continued
for the year ended 31 March 2015**

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade Debtors	124,210	108,014
Prepayments and accrued income	36,934	40,653
	<u>161,144</u>	<u>148,667</u>

Included within Debtors is a pre-payment of a long term loan to Elinor accounting for £16,238 (2014: £18,646)

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade Creditors	71,534	112,751
Amounts owed to group undertakings	1,294,108	846,327
VAT	5	90,182
Accruals and deferred income	110,732	82,600
	<u>1,476,379</u>	<u>1,131,860</u>

Included within amounts owed to group undertakings is a loan to NMGW Enterprises Limited of £300,727 (2014 – £300,727) from the parent body, Amgueddfa Cymru. This loan has been made on normal commercial terms with interest payable at 2% above the BOE base rate.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

10. RESERVES

	Profit and loss account	Share premium	Totals
	£	£	£
At 1 April 2014	37,153	25,628	62,781
Profit for the year	521,227		521,227
Gift aid to parent company	<u>(485,719)</u>		<u>(485,719)</u>
At 31 March 2015	<u>72,661</u>	<u>25,628</u>	<u>98,289</u>

**Notes to the Financial Statements - continued
for the year ended 31 March 2015**

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. 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 £485,719 (2014 - £540,020) 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:

	Other operating leases	
	2015	2014
	£	£
Expiring:		
Between one and five years	1,794	10,000

In addition, there is an on-going obligation for rental payments (in regards of the rental recharged for 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.