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

Report of the Directors and

Financial Statements

for the year ended 31 March 2005



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

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for the year ended 31 March 2005**

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

Company Information
for the year ended 31 March 2005

DIRECTORS:

Dafydd Bowen Lewis - Chairman
Michael Houlihan
John Morgan
Vivian Pollard
Mathew Prichard
Jon Sheppard
Gareth Williams

SECRETARY:

A G Lloyd

REGISTERED OFFICE:

National Museums & Galleries of Wales
Cathays Park
CARDIFF
CF10 3NP

REGISTERED NUMBER:

02449244

AUDITORS:

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

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

**Report of the Directors
for the year ended 31 March 2005**

The directors present their report with the financial statements of the company for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The company's principal activities for the year ended 31 March 2005 were sales at all of the National Museums and Galleries of Wales' retail shops; franchise catering at both the National Museum and Gallery in Cardiff (NMGC) and the Museum of Welsh Life at St Fagans (MWL); car parking at NMGC and MWL and the Museum's image licensing, corporate hire and mail order. With effect from 1 April 2004, the Museum transferred all income and expenditure arising from the sale of the Flight exhibition to Sharjah to the company.

REVIEW OF BUSINESS

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

The Company is a wholly owned subsidiary of the National Museums and Galleries of Wales, and until the 1 April 2003 its activities only covered the sale of souvenirs at the National Mining Museum at Big Pit, Blaenafon. From the 1 April 2003, the Company took on other activities as noted above, in order to incorporate the bulk of the Museum's trading within this subsidiary company.

Shortly before the beginning of the financial year, the National Woollen Museum, in Drefach, (NWMD) re-opened, having been closed for more than a year, whilst a major refurbishment of the Museum took place. Initial trading results for the refurbished shop were highly encouraging with a spend per visitor figure being significantly more than other sites, reflecting the nature of the attraction and the corresponding merchandise on offer.

Car parking charges at MWL were introduced for the first time on the 1st of April 2004, a move which generated little adverse reaction from our visitors, but which has provided a significant increase in the income of the trading company, and which the trading company will be able to utilise in improving the visitor facilities at MWL.

Significant improvements were made to the management and administration of the retail shops, and the roll-out of the EPOS system has continued so that at the end of the financial year the only sites without the EPOS system and the benefits that it can bring were NWMD and the Welsh Slate Museum in Llanberis (WSM).

TRADING PERFORMANCE

The company's performance during the year is shown in the Profit & Loss account on page 7, with its year end position shown in the Balance Sheet on page 8. The accounts are prepared on a going concern basis with the accounting policies used contained in note 1 of the notes to the financial statements.

The overall profit of the company for the year has considerably increased compared to the year to 31st March 2004, reflecting principally the introduction of car parking charges at MWL. This masked a disappointing performance overall by the retail shops despite increased turnovers at Big Pit and the WSM. The general down-turn in retail performance reflects the position across most of the UK's major Museums following the introduction of free admission, which appears to reflect an increased number of re-visits without a matching sale through the shops. The Board is actively pursuing measures to reverse this trend and, in particular, is seeking to increase the spend per visitor at all sites.

**MENTRAU AMGUEDDIFYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
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**Report of the Directors
for the year ended 31 March 2005**

DIVIDENDS

The directors do not recommend the payment of a dividend (2004 - £nil).

FUTURE DEVELOPMENTS

The Board is determined to improve the company's trading performance and to maximise the opportunities that now exist. To that end, the Board appointed Philip Smith in January 2005, as Chief Executive. Utilising his considerable experience in mainstream retailing, we are already sharpening our retail offer with encouraging initial progress. The action plan generated last autumn is being refined in order to provide strategic direction to the key tasks to be accomplished by the company's management, with the biggest effort being applied to retailing and corporate hire. The secondment of a Business Development Manager to the trading company will aid this process.

The Museum's new National Waterfront Museum in Swansea is scheduled for opening in October 2005, and this exciting new Museum provides excellent prospects for the retail and catering offer, as well as significant corporate hire opportunities. The development also contains commercial units for let which will further increase the company's profitability.

An extension and refurbishment to the shop at MWL is planned for the early part of 2006, and plans are also being considered for relocating both the shop and the restaurant at NMGC, to improve further the attraction to the general public. Finally, further to a marketing review conducted on all of the Museum's activities last year, the company is anticipating improved marketing coherence and integration across all of the Museum's activities.

DIRECTORS

The directors during the year under review were:

Dafydd Bowen Lewis - Chairman
Michael Houlihan
John Morgan
Vivian Pollard
Mathew Prichard
Mark Richards
Michael Salter
Jon Sheppard

- resigned 21/5/2004
- resigned 28/10/2004
- appointed 21/5/2004

The Board acknowledges the contributions made by Michael Salter during his term of office, and are delighted to note the addition of Gareth Williams, who brings with him considerable experience at the highest level within Marks & Spencer. The board also notes the resignation of Mark Richards due to a change in executive functions within the Museum, and would also like to thank him for his contribution. The directors have no beneficial interests in the shares of the company or of the parent body.

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

**Report of the Directors
for the year ended 31 March 2005**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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.

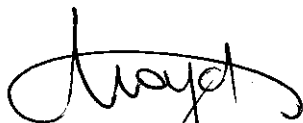
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, KTS OWEN'S THOMAS LIMITED, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
A G Lloyd - Secretary

Date:

7/7/2005

**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 Orielau Cenedlaethol Cymru / National Museums & Galleries of Wales Enterprises Ltd for the year ended 31 March 2005 on pages nine to sixteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditors' report 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 described on page six the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



ktsowenstomas
Chartered Accountants and Registered Auditors

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KTS Owens Thomas Limited

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

Date: *July 7th 2005*

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

**Profit and Loss Account
for the year ended 31 March 2005**

	Notes	2005 £	2004 £
TURNOVER	2	1,484,996	1,146,178
Cost of sales		<u>(1,086,811)</u>	<u>(969,591)</u>
GROSS PROFIT		398,185	176,587
Administrative expenses		<u>(237,655)</u>	<u>(230,352)</u>
		160,530	(53,765)
Other operating income	3	<u>141,870</u>	<u>132,192</u>
OPERATING PROFIT	4	302,400	78,427
Interest receivable and similar income		<u>17,544</u>	<u>6,198</u>
		319,944	84,625
Interest payable and similar charges		<u>(17,716)</u>	<u>(15,336)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		302,228	69,289
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		302,228	69,289
Gift aid to the parent company		<u>(304,529)</u>	<u>(61,514)</u>
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u>(2,301)</u>	<u>7,775</u>

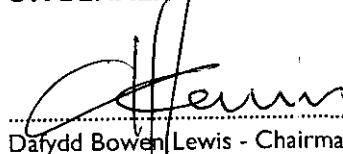
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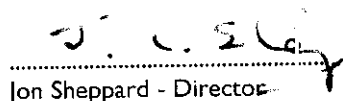
**Balance Sheet
31 March 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	4,020	8,039
CURRENT ASSETS			
Stocks		318,285	307,985
Debtors	7	31,732	40,642
Cash at bank		<u>350,747</u>	<u>80,416</u>
		700,764	429,043
CREDITORS			
Amounts falling due within one year	8	<u>(646,860)</u>	<u>(376,857)</u>
NET CURRENT ASSETS		<u>53,904</u>	<u>52,186</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>57,924</u>	<u>60,225</u>
		2005 £	2004 £
CAPITAL AND RESERVES	Notes		
Called up share capital	9	100	100
Share premium	10	25,628	25,628
Profit and loss account	10	<u>32,196</u>	<u>34,497</u>
SHAREHOLDERS' FUNDS		<u>57,924</u>	<u>60,225</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


Dafydd Bowen Lewis - Chairman - Director


Jon Sheppard - Director

Approved by the Board on 7th June 2005

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

**Notes to the Financial Statements
for the year ended 31 March 2005**

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 June 2002).

Turnover

Turnover represents net invoiced sales of goods, 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 5 years

Stocks

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

Deferred tax

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. TURNOVER

Analysis of turnover by class of business is stated below:

TURNOVER

	2005	2004
	£	£
Shop Sales	1,048,026	1,065,691
Car Park	338,455	48,641
Image Licensing	19,152	15,861
Mail Order	14,713	15,985
Exhibitions Sale and Hire	64,650	-
	<u>1,484,996</u>	<u>1,146,178</u>

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**Notes to the Financial Statements - continued
for the year ended 31 March 2005**

3. OTHER OPERATING INCOME

	2005	2004
	£	£
Franchise Catering	73,744	73,158
Corporate Hire	90,484	79,034
Related Staff Costs	(22,358)	(20,000)
	<u>141,870</u>	<u>132,192</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Depreciation - owned assets	4,019	4,021
Auditor's remuneration	<u>3,500</u>	<u>5,450</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

The directors do not receive remuneration from the company and the staff are employed by the parent body, National Museums and Galleries of Wales, which recharged these costs and other costs incurred on behalf of National Museums and Galleries of Wales Enterprises Limited.

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2005 nor for the year ended 31 March 2004.

**MENTRAU AMGUEDDIFYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
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Notes to the Financial Statements - continued
for the year ended 31 March 2005

6. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 April 2004 and 31 March 2005	<u>12,058</u>
DEPRECIATION	
At 1 April 2004	4,019
Charge for year	<u>4,019</u>
At 31 March 2005	<u>8,038</u>
NET BOOK VALUE	
At 31 March 2005	<u>4,020</u>
At 31 March 2004	<u>8,039</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	18,512	37,352
Prepayments and accrued income	<u>13,220</u>	<u>3,290</u>
	<u>31,732</u>	<u>40,642</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	40,744	31,584
Amounts owed to group undertakings	542,342	309,935
VAT	26,065	11,755
Accruals and deferred income	<u>37,709</u>	<u>23,583</u>
	<u>646,860</u>	<u>376,857</u>

Included within amounts owed to group undertakings is a loan to NMGW Enterprises Limited of £268,658 (2004: £268,658) from its parent company, the National Museums & Galleries of Wales. This loan has been made on normal commercial terms with interest payable at 2% above the BOE base rate.

**MENTRAU AMGUEDDFEYDD AC ORIELAU
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**Notes to the Financial Statements - continued
for the year ended 31 March 2005**

9. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value: £1	2005 £ <u>1,000</u>	2004 £ <u>1,000</u>
1,000	Ordinary			

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2005 £ <u>100</u>	2004 £ <u>100</u>
100	Ordinary			

10. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 April 2004	34,497	25,628	60,125
Deficit for the year	<u>(2,301)</u>	-	<u>(2,301)</u>
At 31 March 2005	<u>32,196</u>	<u>25,628</u>	<u>57,824</u>

11. ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party is the National Museums & Galleries of Wales, established by Royal Charter in 1907. It is an Assembly Sponsored Public Body, funded predominately by payments made by the National Assembly for Wales.

Copies of the group financial statements of the National Museums & Galleries of Wales are available from the Director of Finance, National Museum and Gallery, Cathays Park, Cardiff. The Museum'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 National Assembly for Wales.

**MENTRAU AMGUEDDIFYDD AC ORIELAU
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**Notes to the Financial Statements - continued
for the year ended 31 March 2005**

12. RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of the National Museums & Galleries of Wales 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.

Gift aid of £304,529 (2004 - £61,514) will be paid to the National Museums & Galleries of Wales who are a charity under Royal Charter.