

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

Report of the Directors and

Audited Financial Statements

for the year ended 31 March 2013

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

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for the year ended 31 March 2013**

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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 2013**

DIRECTORS:

Gareth Williams - Chairman
David Anderson
Christina Macaulay
Mark Richards
Philip Smith
Christopher Jackson
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 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 2013**

The directors present their report with the financial statements of the company for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

The company's principal activities for the year ended 31 March 2013 were sales at all of the Amgueddfa Cymru - National Museum Wales retail shops, contract catering at the National Museum Cardiff (NMC), St Fagans National History Museum (SFNHM) and National Waterfront Museum Swansea (NWMS), museum run cafes at the National Coal Mining Museum Big Pit (BP), National Slate Museum Llanberis (NSM) and National Wool Museum Drefach Felindre (NWM), car parking at NMC, SFNHM and NWMS, the Museum's image licensing, corporate hire, lettings and filming rights

REVIEW OF BUSINESS

The results for the year and the financial position of the company are as shown in the annexed 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 at Big Pit, Blaenafon. 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

Whilst overall economic conditions have remained difficult the management team, supported by the Board, have continued to improve and develop the quality, value and customer service of the Museum's commercial operations. The principal areas of focus during the past twelve months have been, finalising the details of the new catering contract, developing the online business and expanding the range of corporate entertaining products available. In addition considerable time has been devoted to advance planning and preparation for the St Fagans redevelopment project.

Operationally attention has been focused on continued improvement of catering and retail offers through investment in refurbishing shops and cafes, new equipment and new ways of working. The shop at Big Pit has been refurbished to improve layout, customer flow and merchandising. To improve management information EPoS has been extended to NWM and BP cafes, all the Museum shops and non - franchised cafes are now on EPoS. To allow more effective competition with hotels, price per head packages have been introduced for key corporate hire products such as proms, day delegate meetings and Christmas parties. A catering consultant has been retained to work with Elior to develop and improve the scope and scale of our Welsh food offer.

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 profit for the year exceeded the budget by £52.3K (9.3%) after taking out £30K refurbishment costs for Big Pit shop described below and was consequently £44K below last year (6.6%). Visitor numbers grew by 3% on last year against a backdrop of continued economic uncertainty, low consumer confidence and challenging trading conditions. These economic factors had a particular impact on our Corporate Hire, Corporate Lets and Filming income streams which all returned lower profits than the previous year. The in-house catering operation also continued to trade at a loss totalling £61K although this was a £10.8K improvement on the previous year.

However, the improved terms of the new catering contract saw a £8K increase in profit and this together with Image Licensing where reduced staff costs increased profit by £11.8K helped compensate for a lower performance in other areas. With profits above budget the Board took the decision to reinvest approximately £30K of profits in the refurbishment of Big Pit shop rather than depreciating this cost over a number of years. Car parking continues to generate a significant amount of profit for the Trading Company with a sum of £471K being returned. The retail business saw a profit of £125K which was above the budget set but £25K less than last year, this decrease in part reflects increased staff costs associated with the developing on-line business.

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

**Report of the Directors - continued
for the year ended 31 March 2013**

DIVIDENDS

The directors do not recommend the payment of a dividend (2012 - £nil)

FUTURE DEVELOPMENTS

The outgoing Chief Executive has updated the three year business plan in conjunction with the Board, the new plan identifies key areas for development and growth and is underpinned by an operational plan for the Enterprise management team

A full review of existing and potential activities will be presented early in 2014 when the new Chief Executive will review any revisions to the future plans

During the year ahead the main focus of management will be on continuing the policies of offering products and catering at all sites to a high standard of quality and customer service, developing the franchise catering operation thus maximising the benefits of the new contract terms, on-line and corporate hire. These are key areas for the business which can deliver growth in turnover and improve the quality of our product offer. The St Fagans redevelopment will also be a focus and will offer considerable scope in due course to grow the commercial returns from this site. The temporary trading arrangements put in place during the redevelopment works will need close attention to ensure loss of income is minimised whilst maintaining quality. Finally there will continue to be attention given to loss making areas of the business and steps which can be taken to mitigate these losses.

In addition to pursuing these initiatives, the Board is acutely aware of the impact of the St Fagans redevelopment project on profits in addition to the wider difficult economic conditions for the year ahead. The budget 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 2012 to the date of this report or the date shown

Gareth Williams
David Anderson
Sian Llywelyn (until 21st March 2013)
Christina Macaulay
Mark Richards
Philip Smith
Nerys Howell Snowsill (until 31st January 2013)
Richard Gloster (appointed 31st January 2013)
Christopher Jackson (appointed 31st January 2013)

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 - continued
for the year ended 31 March 2013**

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 scheduled for 17 November 2013.

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 27/06/13.

**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 2013 on pages seven to twelve. 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. 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 2013 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

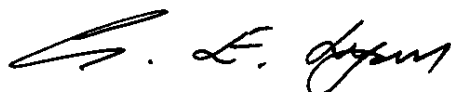
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 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 27.6.13

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

**Profit and Loss Account
for the year ended 31 March 2013**

| | | 2013 | 2012 |
|--|--------------|--------------------|--------------------|
| | Notes | £ | £ |
| TURNOVER | 2 | 2,438,417 | 2,469,688 |
| Cost of sales | | (1,867,283) | (1,783,922) |
| GROSS PROFIT | | 571,134 | 685,766 |
| Administrative expenses | | (312,382) | (315,961) |
| | | 258,752 | 369,805 |
| Other operating income | 3 | 163,871 | 124,651 |
| OPERATING PROFIT | 4 | 422,623 | 494,456 |
| Interest received and similar income | | - | 3,820 |
| Gain on currency movements | | - | 157 |
| | | 422,623 | 498,433 |
| Interest payable & similar charges | | (7,518) | (7,515) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 415,105 | 490,918 |
| Tax on profit on ordinary activities | 5 | - | - |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 415,105 | 490,918 |

**MENTRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
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(Registered Number 02449244)

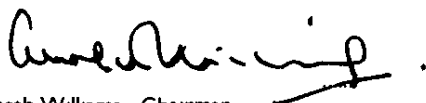
Balance Sheet

31 March 2013

| | | 2013 | 2012 |
|--|-------|------------------|----------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 6 | 5,983 | 4,240 |
| CURRENT ASSETS | | | |
| Stocks | | 363,681 | 337,952 |
| Trade debtors | 7 | 133,390 | 62,447 |
| Cash at bank and in hand | | 824,094 | 588,315 |
| | | <u>1,321,165</u> | <u>988,714</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 8 | (1,269,296) | (938,291) |
| NET CURRENT ASSETS | | <u>51,869</u> | <u>50,423</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>57,852</u> | <u>54,663</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 100 | 100 |
| Share premium account | 10 | 25,628 | 25,628 |
| Profit and loss account | 10 | 32,124 | 28,935 |
| SHAREHOLDERS' FUNDS | | <u>57,852</u> | <u>54,663</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 27th June 2013 and were signed on its behalf by



Gareth Williams - Chairman



David Anderson - Director

The notes form part of these financial statements

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

**Notes to the Financial Statements
for the year ended 31 March 2013**

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

| | 2013 | 2012 |
|-------------------|------------------|------------------|
| | £ | £ |
| Shop Sales | 1,190,768 | 1,230,348 |
| Car Park | 526,057 | 522,237 |
| In-house Catering | 373,427 | 340,719 |
| Corporate Hire | 238,815 | 242,671 |
| Corporate Lets | 68,894 | 76,311 |
| Image Licensing | 16,415 | 17,548 |
| Filming Rights | 14,290 | 30,975 |
| Mail Order | 9,751 | 8,879 |
| | <u>2,438,417</u> | <u>2,469,688</u> |

The percentage of turnover arising outside of the U.K. is 0.3%, (2012 – 0.5%)

**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 2013

3 OTHER OPERATING INCOME

| | 2013 | 2012 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Income from Franchised Catering | <u>163,871</u> | <u>124,651</u> |

4 OPERATING PROFIT

| | 2013 | 2012 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 2,461 | 3,076 |
| Auditor's remuneration | <u>4,575</u> | <u>4,575</u> |
| Directors' emoluments and other benefits etc | <u>74,169</u> | <u>71,036</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 2013 nor for the year ended 31 March 2012.

6 TANGIBLE FIXED ASSETS

| | Fixtures & Fittings £ |
|-----------------------|-----------------------------|
| COST | |
| At 1 April 2012 | 37,499 |
| Additions in year | <u>4,204</u> |
| At 31 March 2013 | <u>41,703</u> |
| DEPRECIATION | |
| At 1 April 2012 | 33,259 |
| Charge for year | <u>2,461</u> |
| At 31 March 2013 | <u>35,720</u> |
| NET BOOK VALUE | |
| At 31 March 2012 | <u>4,240</u> |
| At 31 March 2013 | <u>5,983</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 2013

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|--------------------------------|----------------|---------------|
| | £ | £ |
| Trade Debtors | 121,168 | 48,354 |
| Prepayments and accrued income | 12,222 | 14,093 |
| | <u>133,390</u> | <u>62,447</u> |

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|------------------------------------|------------------|----------------|
| | £ | £ |
| Trade Creditors | 79,926 | 28,354 |
| Amounts owed to group undertakings | 1,058,426 | 787,414 |
| VAT | 67,552 | 69,976 |
| Accruals and deferred income | 63,392 | 52,547 |
| | <u>1,269,296</u> | <u>938,291</u> |

Included within amounts owed to group undertakings is a loan to NMGW Enterprises Limited of £300,727 (2012 – £300,727) from the parent body, Angueddfa 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 | | | 2013 | 2012 |
|---------------------------------|----------|---------------|------------|------------|
| Number | Class | Nominal value | £ | £ |
| 100 | Ordinary | £1 | <u>100</u> | <u>100</u> |

10 RESERVES

| | Profit and loss account | Share premium | Totals |
|----------------------------|-------------------------|---------------|------------------|
| | £ | £ | £ |
| At 1 April 2012 | 28,935 | 25,628 | 54,563 |
| Profit for the year | 415,105 | | 415,105 |
| Gift aid to parent company | <u>(411,916)</u> | | <u>(411,916)</u> |
| At 31 March 2013 | <u>32,124</u> | <u>25,628</u> | <u>57,752</u> |

**MENTRAU AMGUEDDFEYDD AC ORIELAU
CENEDLAETHOL CYMRU / NATIONAL MUSEUMS &
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**Notes to the Financial Statements - continued
for the year ended 31 March 2013**

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 £411,916 (2012 - £486,686) 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 | |
|----------------------------|---------------------------------------|---------------------|
| | 2013 | 2012 |
| | £ | £ |
| Expiring | | |
| Between one and five years | 7,500 | 7,500 |
| | <u>7,500</u> | <u>7,500</u> |