

**The National Botanic Garden of Wales (Limited by
Guarantee)**

Trustees' report and consolidated
financial statements

Registered company number 2909098

Registered charity number 1036354

31 March 2006

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Officers and professional advisors

Board of Trustees

	Audit Committee	Nominations Committee	Remuneration Committee
Lord Aberdare (resigned 18 December 2006)			X
S Balsom (appointed 13 June 2005, resigned 30 June 2006)			X
BH Charles, OBE (resigned 18 September 2006)	x (Chairman)	x (Chairman)	
Professor D Edwards, CBE (resigned 18 September 2006)		x	X
JG Ellis			X
RAW Goodman		x	
JR Gore (resigned 18 December 2006)			
A Hayward – Chairman (<i>to 30 June 2006</i>)	x		
RAE Herbert, CBE (resigned 18 December 2006)			
Councillor C Howells (appointed 10 January 2006)			
R Jolliffe (appointed 10 January 2006)			
E Tudno Jones OBE (resigned 18 December 2006)			
Sir Roger Jones OBE (appointed 13 June 2005)	x		
Hon. RW Lewis OBE (appointed 29 November 2005) (<i>Chairman from 1 July 2006</i>)	x		
Baroness J Royall (resigned 19 May 2005)			

x = denotes the Committees on which Trustees sit

Executive Management Team

K Lamb	-	Director of the Garden
G James	-	Chief Finance Officer/Secretary to the Board
R Butt	-	Senior Executive Projects and Development
T Roach	-	Head of Education & Science
D Hardy	-	Head of Marketing & Communications
CV Edwards	-	Facilities and Operations Manager
B Aylott	-	Catering and Retail Manager
TR Bevan	-	Estates Manager
L Davies	-	Senior Horticulturist
J Gould	-	Senior Horticulturist

Officers and professional advisors *(continued)*

Registered office

Middleton Hall
Llanarthne
Carmarthenshire
SA32 8HW

Auditors

KPMG LLP
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

Bankers

Bank of Scotland plc
One Kingsway
Cardiff
CF10 3YB

Solicitors

Edwards Geldard
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Enquiries

Enquiries should be addressed to the Company Secretary at the company's registered office:

Telephone: (01558) 668768
Facsimile: (01558) 668933

Trustees' Report

The Trustees, who act as Directors for the purposes of company law, have pleasure in submitting their annual report and the audited financial statements of the group and the charitable company for the year ended 31 March 2006.

Objectives

The objectives for which the Charity is established are:

- to create and develop a botanic garden of international importance for Wales;
- to promote the conservation of plant species and especially those of Wales, the United Kingdom and the Western European seaboard;
- to become a leading international centre for research and education in the science of plants.

The aims of the Charity are entirely consistent with the delivery of its objectives, meeting an internationally recognised need for the conservation of plants. The charity seeks to make an important contribution to the global effort to conserve our biodiversity for the benefit of the general public.

The main objectives for the year were

- To further improve the finances of the charity through increased income generation and fundraising;
- To further enhance the botanic garden through quality horticulture, new projects and maintenance;
- To continue to develop our marketing, promotion, education and conservation activities;
- To retain, recruit, develop and invest in high calibre staff, volunteers, trustees and members.

The charities strategies for delivering its objectives are agreed by the board and are encompassed within a five-year plan, agreed through consultation with major stakeholders providing a framework for the major activities of the Charity. Detailed strategies are regularly produced and reviewed by the board for specific areas within this framework for example education and science strategies and marketing and membership plans

Policies

The Board seeks to realise its objectives through:

- producing a botanic garden with the content and facilities to inspire everyone associated with the Garden and all visitors to the Garden;
- applying appropriate design principles and adopting best quality practices in all aspects of the Garden's development and operation;
- applying an innovative and flexible approach;
- establishing and developing strong relations with scientific and educational bodies to agree common goals and appropriate science and education policies for the Garden;
- recruiting a flexible and multi skilled workforce dedicated to the success of the Garden.

Trustees' Report *(continued)*

Review of activities, achievements and performance

During the year the charity continued to deliver its policies and progress its objectives building on the achievements of the previous year. The key performance measures as set out in the strategic plan were met. The Garden welcomed 138,000 visitors, with market research providing evidence of 94% of visitors being satisfied or very satisfied with their experience of visiting The National Botanic Garden of Wales ("NBGW"). Financial targets were met or exceeded, with income generation increased and fundraising targets exceeded. There was no material expenditure on fundraising with either professional external fundraisers or commercial participators. Significant improvements were made in the trading performance of the Garden with excellent results in catering including corporate functions. Plans for the re-organisation of the retail functions and for the operation of plant sales in-house were put in place.

Significant improvements continued to be made to the Garden with the standard of horticultural displays enhanced and the plant collections further expanded, already becoming the 5th largest provenanced collection in the UK. Work continued on the restoration of the double walled garden and new areas including an apiary garden, mini-farm, children's adventure playground, events garden and Auricula theatre, forming part of the phase IV capital works funded by the Millennium Commission and landfill tax credit scheme. Major enhancement and maintenance works were undertaken in the Great Glasshouse with an active maintenance programme implemented and delivered. Planning and preparation work for further elements of Phase IV including improvements to the interpretation, infrastructure and visitor experience of the Garden was undertaken. Key projects include Woods of the World, with partnerships formed with several international institutions for its delivery and the construction of a tropical glasshouse in the double walled garden designed by the eminent and internationally renowned architect John Belle. This investment is considered to be essential in increasing the income of the Charity, principally through increased visitation.

An active and effective marketing, promotion and communications campaign was undertaken with an emphasis on partnership marketing, working closely with a number of organisations including other visitor attractions via the One Big Garden and Premier Gardens of Wales campaigns, the Wales Tourist Board, Carmarthenshire County Council, Welsh Assembly Government, Millennium Commission, South West Wales Tourism Partnership and Carmarthenshire Tourist Association. We are grateful to these organisations for their support.

The life long learning education programme continued to be delivered with strengthened partnerships with education providers including schools, LEA's, higher and further education institutions with usage exceeding forecast. Many key policy objectives of stakeholders e.g. Tir Gofal, Biodiversity Action Plans etc continued to be delivered with NBGW working with a number of scientific, conservation and environmental organisations ensuring NBGW continues to progress its charitable objectives.

The membership scheme of the Garden was enhanced with improved service and numbers of members recruited increasing ahead of targets. Further recruitment of board members as detailed elsewhere has been undertaken and the executive team further strengthened.

The charity works in close partnership with a number of stakeholders and funders in an open and transparent manner meeting and providing reports regularly to ensure that we respond to need and ensure an active input into the charity's development. Feedback from users (visitors, educational users etc) is sought via formal processes and monitored. The charity also strives to work closely with the local community for which a liaison group is in place and with the education, science, environmental and conservation community worldwide.

The charitable company's subsidiary undertaking, Middleton Garden Limited, has carried out trading activities in the year. Activities comprised the operation of a shop and catering in the botanic garden and the franchise operation of plant sales facilities.

Trustees' Report *(continued)*

Future plans

The charity plans to build on its achievements to date and continue to work in line with its policies, objectives and plans which have been agreed with major stakeholders. Details can be found in the five-year strategic plan. The aims, objectives and activities planned to achieve them will be consistent with those for 2005/06 whilst continuing to strive to improve performance, efficiency and delivery.

Financial position

In the period since the date of the approval of the last Trustees' report and consolidated financial statements, the Group has continued to make progress in line with the joint funding package as agreed in the public announcement on 17 March 2004. The National Botanic Garden of Wales continues to deliver its five year plan with trading and financial targets met or exceeded, all unsecured debts settled ensuring a strong platform is in place for future continued success. This has been delivered through effective management. The achievements, commitment and dedication of the executive team and staff are commended by the board.

Expenditure has been controlled at a significantly reduced level. Expenditure has only been made in the furtherance of the objectives of the charity. A further £150,000 was received from the Welsh Assembly Government in accordance with the joint funding package publicly announced on the 17 March 2004 by the Minister of Culture, Sports and Welsh Language. A secured non-recourse loan agreement for £900,000 with Carmarthenshire County Council was agreed during October 2005 and a further £375,000 investment was made by the Welsh Development Agency in March 2006 into the existing joint venture for the completion of the construction of the science centre including BioTechnium. We are grateful to our stakeholders for their continuing active support.

In the year, total resources of £2.9m (2005:£2.7m) were received comprising £2.3m (2005:£2.1m) of unrestricted funds and £0.6m (2005: £0.6m) of restricted income. £0.4m (2005:£0.3m) was received from the Millennium Commission under formal deed of grant and the balance of restricted income funds represented funding from public and private sources.

In the year, total expended resources amounted to £3.5m (2005: £3.2m). £1.9m (2005:£1.7m) was expended from unrestricted funds leaving an unrestricted fund final balance carried forward of £1.7m (2005: £1.3m). £1.6m (2005: £1.5m) was expended from restricted income funds leaving a restricted income funds balance carried forward of £23.6m (2005: £24.7m). Total funds balances at 31 March 2006 were £26.8m (2005: £27.5m) including restricted capital funds of £1.5m (2005: £1.5m).

Tangible fixed assets at cost or valuation reduced to £31.5m (2005: £32.3m) representing £30.4m (2005: £31.4m) of project costs in the form of land, buildings, plant and machinery and assets in the course of construction and £1.1m (2005: £0.9m) in estate vehicles, fixtures and fittings, and plants and planting. At the end of the year, the value of the assets in the course of construction was £0.04m (2005: £0.02m).

Reserves

As a recently established charity, the Garden has been unable to build up reserves. The Trustees recognise the need to secure viability beyond the immediate future and to provide a sustainable operation over the longer term and have instigated a five-year recovery plan to regularise the current financial position. The Garden must be capable of safeguarding against future uncertainties and influences outside its control. At the same time, it needs to take advantage of change and opportunity.

The Garden's reserves policy will be informed by:

- Forecasts for levels of income in future years;
- Forecasts for expenditure in future years on planned activity;
- Analysis and assessment of future needs, opportunities, contingencies and risks.

As shown above, unrestricted funds at the end of the year amounted to £1.7m. These are funds which are expendable at the trustees' discretion in furtherance of the objects or administration of the Charity.

Trustees' Report *(continued)*

Constitution

The National Botanic Garden of Wales is a company Limited by Guarantee, registered in Wales (no. 2909098) and a registered charity (no 1036354). Its governing instrument is the Memorandum and Articles of Association as amended and adopted by special resolution passed on 22 February 1994. The charitable company has two wholly owned subsidiary undertakings, Middleton Garden Limited and Cambrian Ventures Limited. The principal activity of Middleton Garden Limited is to act as the non-charitable operation of the Garden. Cambrian Ventures Limited is to develop incubator units, as part of the Science Centre.

The Board of Trustees is the governing body and oversees the implementation of the Garden's policies, considering recommendations from the management team. The company recognises the importance of effective corporate governance and has established audit, remuneration and nominations committees. Membership of these committees is shown on page 1.

The Company is regarded as a Charity by the Inland Revenue and therefore is able to benefit from the tax exemptions afforded to charities.

Board of Trustees

Members of the Board of Trustees are detailed on page 1 and their annual report contains all the information required in a Trustees' annual report in accordance with the Statement of Recommended Practice 2005: Accounting and Reporting by Charities.

Recruitment of Trustees

The Board has been further strengthened by the appointment of 4 new trustees during the year. Alan Hayward resigned as Chairman on 30 June 2006, and Robin Lewis was appointed as Chairman from 1 July 2006. The Board fully acknowledges and expresses its gratitude for the considerable contribution of Alan Hayward during his term of office in ensuring a strong platform exists for NBGW to further build on its success and develop and deliver its charitable objectives further.

All new Trustees undertake a period of induction during which induction days are held with senior managers and board members. An induction pack is provided, including all key information, copies of the strategies, objectives and policies of NBGW and guidance notes on the roles and responsibilities of Trustees. Beyond the period of induction training opportunities are provided with Trustees encouraged to continually seek to increase their knowledge of NBGW, best practice for corporate governance and best practice adopted by similar organisations.

Organisation

The Board's membership includes those with appropriate professional, business and commercial experience and knowledge of botany and horticulture. The Board is responsible for approving overall policies, plans and organisation.

The Director of the Garden is responsible for the implementation of the Board's policies and the management of the company, with the senior management team.

Trustees' Report *(continued)*

Organisation *(continued)*

Governance and internal control

The members of the Garden appoint the board in accordance with the Company's constitution. Trustees retire by rotation at the Annual General Meeting and may be re-elected. The Trustees meet bi-monthly and during each year review the strategy and performance and set the operating plans and budgets. The Committees listed under 'Organisation' are made up of trustees and other individuals. These committees operate under specific terms of reference, which delegate certain functions from the trustee board. Each committee has its decisions ratified by the full board. A review of the committee structure is currently being undertaken.

The trustees have overall responsibility for ensuring that the charity has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The charity is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the Charity or for publication is reliable;
- The charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include;

- A strategic plan and an annual budget approved by the Trustees;
- Regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

In accordance with best practice and as a matter of routine the trustees have reviewed and updated various policies. A formal risk management process to assess the business risks and implement management strategies continues to be developed. The major risks to which the charity is exposed have been identified and reviewed during the period.

Trustees' Report *(continued)*

Volunteers, employees involvement and remuneration

The charity is grateful for the unstinting efforts of the volunteers who are involved in the operation including administrative and marketing support, operational duties in ensuring a high quality visitor experience and the education programme is delivered and horticultural and estate management support. The Charity has appointed a volunteer coordinator to ensure that best value is derived from the sterling efforts of its volunteers and a volunteer committee has been formed to ensure effective communication and to receive feedback and suggestions from volunteers. Some 200 volunteers are recorded. Between 80 and 90 volunteers come to assist our work each week. This results in some 400 man hours of voluntary input in the winter rising to 500 in the summer, equating to some £125,000 in kind contribution per annum.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular staff meetings and have been kept informed on specific matters directly by management.

The charity has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities policy
- Volunteers' policy
- Health and Safety policy

In accordance with the charity's equal opportunities policy, the charity has established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Charity's offices.

Remuneration

The Board of Trustees and members of the committees receive no remuneration. Where claimed, expenses are reimbursed; no claim from any Trustee has been received.

The salaries of the senior management team are determined by the Board upon their appointment and by periodic review. The Board is advised by the Remuneration Committee. This remuneration does not include any share option or long-term incentive schemes. A group pension scheme for all permanent staff is in place. The Charity makes contributions to personal pension schemes for the staff of the Charity.

Auditors

The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Hon. RW Lewis OBE
Chairman of Trustees

Middleton Hall
Llanarthne
Carmarthenshire
SA32 8HG

15 January 2007

Statement of responsibilities of the trustees of The National Botanic Gardens of Wales (limited by guarantee) in respect of the trustees' report and the financial statements

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards.

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable company will continue its activities.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP
Marlborough House
Fitzalan Court
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CF24 0TE
United Kingdom

Independent auditors' report to the members of The National Botanic Garden of Wales (Limited by Guarantee)

We have audited the group and charitable company financial statements (the 'financial statements') of The National Botanic Garden of Wales (Limited by Guarantee) for the year ended 31 March 2006 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and its 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 in the statement of trustees' responsibilities on page 9, the charitable company's trustees, who are also the directors of The National Botanic Garden of Wales (Limited by Guarantee) for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the trustees' report is consistent with the financial statements. We also report to you if, in our opinion, the charitable 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 other transactions is not disclosed.

We read the trustees' report 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable 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.

Independent auditors' report to the members of The National Botanic Garden of Wales (Limited by Guarantee) *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 31 March 2006 and of the group's incoming resources and applications of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group and charitable company's ability to continue as a going concern. The conditions explained in note 1 to the financial statements indicate the existence of uncertainties that may cast doubt on the group and charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and charitable company were unable to continue as a going concern.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

15 January 2007

Consolidated statement of financial activities
for the year ended 31 March 2006

	<i>Note</i>	Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds	Total Funds
		2006 £'000	2006 £'000	2006 £'000	2006 £'000	2005 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Donations and gifts	2	142	12	-	154	194
Activities in furtherance of the Charity's objects:						
Grants receivable	2	150	552	-	702	828
Admission fees	2	353	-	-	353	330
Other incoming resources	2	90	5	-	95	67
Activities for generating funds:						
Fundraising events	2	71	-	-	71	59
Merchandising income	2	689	-	-	689	435
Investment income	3	432	-	-	432	427
Other incoming resources	4	394	-	-	394	394
Total incoming resources		2,321	569	-	2,890	2,734
Resources expended						
Costs of generating funds						
Merchandising costs	5	550	-	-	550	403
Fundraising costs	5	177	-	-	177	124
Charitable activities	5	1,132	1,647	-	2,779	2,630
Governance costs	5	42	-	-	42	40
Total resources expended	5	1,901	1,647	-	3,548	3,197
Net incoming/(outgoing) resources before recognised gains and losses	7	420	(1,078)	-	(658)	(463)
Unrealised gain/(loss) on investment assets		-	-	3	3	2
Net movement in funds before tax		420	(1,078)	3	(655)	(461)
Taxation	8	-	-	-	-	-
Net movement in funds after tax		420	(1,078)	3	(655)	(461)
Reconciliation of funds						
Fund balance brought forward		1,290	24,664	1,538	27,492	27,953
Fund balance carried forward		1,710	23,586	1,541	26,837	27,492

The incoming resources and resulting net movement in funds arise from continuing operations.

The charitable company has no recognised gains or losses other than the net movement in funds for the year.

Consolidated summary income and expenditure account
for the year ended 31 March 2006

	2006 £'000	2005 £'000
Total income from continuing operations	2,600	2,145
Total expenditure from continuing operations	(2,543)	(2,239)
Net income/(expenditure) for the year	57	(94)

Total income comprises £2.3m (2005: £2.1m) for unrestricted funds and £0.3m (2005: £2,000) for restricted income funds and excludes gifts, which have been given a value in the Statement of Financial Activities in accordance with the Statement of Recommended Practice. It also excludes capital grant income received in the year. A detailed analysis of incoming resources by source is provided in the Statement of Financial Activities.

Total expenditure comprises £1.9m (2005: £1.7m) for unrestricted funds and £0.6m (2005: £0.5m) for restricted income funds and excludes gifts of services, which have been given a value in the Statement of Financial Activities in accordance with the Statement of Recommended Practice. Capital grants are being released in the income and expenditure account in line with the depreciation charged on assets acquired with the grants. Detailed analyses of expenditure are provided in the Statement of Financial Activities and Notes.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 12 which, together with the notes to the financial statements on pages 17 to 31 and the reconciliation shown below provides full information on the movements during the year on all the funds of the Group.

The Company has not presented its own Summary Income and Expenditure account, as permitted by Section 230 (1) (b) Companies Act 1985. The net surplus of the Company for the year was £57,000 (2005: deficit £94,000).

The total income and expenditure have been calculated as follows:

	2006 £'000	2005 £'000
Total incoming resources	2,890	2,734
Less: Restricted income (capital grants) not recognised	(290)	(589)
Total income from continuing operations	2,600	2,145
Total resources expended	3,548	3,197
Less: Gifts of services not capitalised	-	-
Less: Release of capital grants	(1,005)	(958)
Total expenditure from continuing operations	2,543	2,239

Consolidated balance sheet
at 31 March 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	10	31,524	32,343
Investments	11	9,099	8,920
		<u>40,623</u>	<u>41,263</u>
Current assets			
Stock	12	43	34
Debtors	13	324	240
Cash at bank		11	10
		<u>378</u>	<u>284</u>
Creditors: amounts falling due within one year	14	<u>(2,512)</u>	<u>(3,134)</u>
Net current liabilities		<u>(2,134)</u>	<u>(2,850)</u>
Total assets less current liabilities		<u>38,489</u>	<u>38,413</u>
Creditors: amounts falling due after more than one year	15	(9,685)	(8,560)
Deferred income	16	(1,967)	(2,361)
Net assets		<u>26,837</u>	<u>27,492</u>
Fund balances			
Restricted capital funds	17	1,541	1,538
Restricted income funds	18	23,586	24,664
Unrestricted funds	19	1,710	1,290
Total funds	20	<u>26,837</u>	<u>27,492</u>

These Financial Statements were approved by the Board of Trustees on 15 January 2007 and were signed on its behalf by:

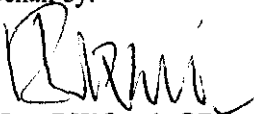


Hon. RW Lewis OBE
 Chairman

Company balance sheet
at 31 March 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	10	31,524	32,343
Investments	11	9,099	8,920
		<u>40,623</u>	<u>41,263</u>
Current assets			
Stock	12	18	-
Debtors	13	344	240
Cash at bank		11	10
		<u>373</u>	<u>250</u>
Creditors: amounts falling due within one year	14	(2,507)	(3,100)
Net current liabilities		<u>(2,134)</u>	<u>(2,850)</u>
Total assets less current liabilities		<u>38,489</u>	<u>38,413</u>
Creditors: amounts falling due after more than one year	15	(9,685)	(8,560)
Deferred income	16	(1,967)	(2,361)
Net assets		<u>26,837</u>	<u>27,492</u>
Fund balances			
Restricted capital funds	17	1,541	1,538
Restricted income funds	18	23,586	24,664
Unrestricted funds	19	1,710	1,290
Total funds	20	<u>26,837</u>	<u>27,492</u>

These Financial Statements were approved by the Board of Trustees on 15 January 2007 and were signed on its behalf by:


Hon. RW Lewis OBE
 Chairman

Consolidated cashflow statement
for the year ended 31 March 2006

	Note	2006	2005
		£'000	£'000
Net cash (outflow)/inflow from operating activities	21	(179)	244
Returns on investments and servicing of finance			
Interest received		-	28
Interest paid		(87)	(103)
		(87)	(75)
Capital expenditure			
Payments to acquire tangible fixed assets		(288)	(107)
Proceeds on sale of fixed assets		-	-
		(288)	(107)
Net cashflow before use of liquid resources and financing		(554)	62
Financing			
Loan received		900	-
Redemption of investment		259	235
Repayment of capital element on hire purchase balances		(259)	(235)
		900	-
Increase in cash	22	346	62

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) ("SORP 2005"), applicable UK Accounting Standards, the Charities Act 1993 and the Companies Act 1985. In recognition of the Company's charitable status, the results for the year have been shown in a Statement of Financial Activities rather than the format prescribed by the Companies Act 1985.

The comparative figures for costs of charitable activities and governance costs have been restated to comply with the requirements of SORP 2005. This is a reanalysis of costs and does not impact on total resources expended.

Going concern

The group meets its day to day working capital requirements primarily through an overdraft facility that is repayable on demand. As set out in the Trustees' report on pages 4 and 5, the Group developed an operating plan, which established key financial targets and identified potential funding sources to address the projected cash shortfall over the next four years. The Group has been successful to date in securing funding in accordance with the plan. The operating plan requires funds from sources that have not yet been secured, until these funds are received the margin of facilities over requirements is not large and, inherently, there can be no certainty in relation to these matters.

The Group continues to trade in accordance with the plan, and on the basis of projected cash flow information and discussions with the stakeholders including the Group's bankers, the Trustees are of the opinion that the Group can continue to do so.

Based on the above, and particularly on the basis of its historic performance in securing funds and its regular discussions with its stakeholders, the Trustees believe that the Group will be a going concern for the foreseeable future. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Fund accounting

The various types of funds for which the Charity is responsible, and which require separate disclosure are as follows:

Unrestricted funds

Unrestricted funds are funds, which are expendable at the discretion of the trustees in furtherance of the objects or administration of the Charity

Notes (continued)

1 Accounting policies (continued)

Restricted funds

Restricted income funds

Restricted income funds can arise by way of donations, gifts (of assets and services), grants and legacies and are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation. For restricted income funds, the donation and income deriving therefrom may be utilised. These funds include all grants receivable for specific purposes related to the project.

Restricted capital funds

Restricted capital funds represent gifts of land and investments to be held as capital by the Charity. In the case of restricted capital funds, only the income arising from the fund may be utilised for the restricted purposes and the capital must be retained.

Any income arising from restricted capital funds is included in restricted income.

Basis of consolidation

The statement of financial activities and balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking, Middleton Garden Limited. The results of the subsidiary are consolidated on a line by line basis. The dormant subsidiary, Cambrian Ventures Limited, has not been included in the consolidation on the grounds of materiality.

No separate statement of financial activities and summary income and expenditure account has been presented for the Charity alone as permitted by section 230 of the Companies Act 1985 and paragraph 397 of the Statement of Recommended Practice: Accounting and Reporting by Charities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. In the case of assets and services gifted to the Charity a valuation is established by means of an external professional valuation or a certificate of value from the donor as appropriate.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold buildings	-	2% per annum
Long leasehold land	-	Not depreciated
Plant and machinery	-	4% per annum
Fixtures and fittings	-	20% to 33% per annum
Estate vehicles	-	25% per annum
Capitalised finance costs	-	term of finance agreement

Assets in the course of construction comprise costs associated with the design and building of the botanic garden. Such costs are accumulated over the course of the project and are not depreciated until they come into use.

No depreciation is provided on plants as, in the view of the trustees, these assets are unlikely to suffer from economic or technological obsolescence.

Investments

Fixed asset investments are stated at their market value, as recorded on a recognised stock exchange, or as valued by the investment manager. Movements in market value are taken to the Statement of Financial Activities as unrealised gains or losses on investment assets. Income derived from such assets is recorded as investment income in the year of receipt.

Notes *(continued)*

1 Accounting policies *(continued)*

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure categories include salaries, depreciation and other costs.

Fundraising and publicity costs are incurred in relation to staff members who are engaged directly in fundraising, the costs of consultants retained to work in this area, and also the cost of specific publicity campaigns for the raising of donations.

The costs of charitable activities comprise the costs of activities in furtherance of the Charity's objects and support costs. Costs of activities in the furtherance of the Charity's objects comprise those costs which have been incurred in the furtherance of the project including a proportion of salary costs of certain members of the executive management team. Support costs include management and administration costs relating to the management functions inherent in generating funds, service delivery and project work.

Governance costs comprise the costs involved in the governance of the Charity, its compliance with constitutional and statutory requirements and its accountability to the public.

Costs are apportioned between the above categories in a manner which reflects the allocation of resources to these areas.

Income

Grants

Grants receivable are accounted for in the period to which the grants relate. Where the conditions for the recognition of grants receivable have not been met, the amounts are transferred to a deferred credit account and released to the Statement of Financial Activities when such conditions have been fulfilled.

Donations

Cash donations are included in the Statement of Financial Activities when received.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Gifts in kind

Gifts in kind include non cash donations of services and assets. They have been included in donations and gifts, and in the relevant category of expenditure and fixed assets, and have been recorded at values based on market rate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Where financing arrangements involve leases from which benefits accrue, these are accrued within deferred income from the time that their realisation becomes certain and released to income on a straight line basis over the remaining life of the lease.

Pension costs

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

2 Analysis of incoming resources

	2006 £'000	2005 £'000
Donations and gifts		
Donations	154	194
Gift of services, assets and investments	-	-
	<u>154</u>	<u>194</u>
Grants receivable		
The Millennium Commission	414	325
Welsh Assembly Government	150	241
Others	138	262
	<u>702</u>	<u>828</u>
Admissions	<u>353</u>	<u>330</u>
Other incoming resources		
Guide books	-	4
Education events	53	36
Profit on sale of fixed assets	-	4
Other	42	23
	<u>95</u>	<u>67</u>
Fundraising events		
Membership	62	48
Events	9	11
	<u>71</u>	<u>59</u>
Merchandising income		
Sale of goods	<u>689</u>	<u>435</u>

3 Investment income

	2006 £'000	2005 £'000
Bank deposit interest	<u>432</u>	<u>427</u>

Notes (continued)

4 Other incoming resources

	2006 £'000	2005 £'000
Release of deferred income (see note 16)	394	394

5 Analysis of total resources expended

	Staff costs £'000	Other £'000	Depreciation £'000	2006 Total £'000	2005 Total £'000
Merchandising costs	255	295	-	550	403
Fundraising and publicity	49	128	-	177	124
Charitable activities					
Costs of activities in furtherance of the Charity's objects	519	912	-	1,431	1,339
Support costs	82	157	1,109	1,348	1,291
	601	1,069	1,109	2,779	2,630
Governance costs	-	42	-	42	40
	905	1,534	1,109	3,548	3,197

Other merchandising costs comprise:

	2006 £'000	2005 £'000
Shop, catering and plant costs	267	192
Ticket costs	-	-
Credit card and cash handling charges	18	10
Events	10	15
	295	217

Other fundraising and publicity costs comprise:

	2006 £'000	2005 £'000
Marketing	128	92
Fundraising	-	-
Travel	-	-
	128	92

Notes (continued)

5 Analysis of total resources expended (continued)

Other costs in furtherance of the Charity's objects comprise:

	2006 £'000	2005 £'000
Horticulture	65	67
Operations	840	825
Education	3	-
Science	4	10
	<u>912</u>	<u>902</u>

Other support costs comprise:

	2006 £'000	2005 £'000
Insurance and administration	11	13
Establishment costs	40	40
Bank loan interest	106	100
	<u>157</u>	<u>153</u>

Other governance costs comprise:

	2006 £'000	2005 £'000
Legal and professional	29	21
Auditors fees – audit	13	19
	<u>42</u>	<u>40</u>

6 Staff numbers and costs

The average number of persons (full time equivalent) employed during the year, analysed by category, was as follows:

(i) Staff

	Number of employees (full time equivalent)	
	2006	2005
Permanent		
Technical	30	20
Administration	9	7
Retail and operations	18	16
	<u>57</u>	<u>43</u>

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2006 £'000	2005 £'000
Wages and salaries	821	678
Social security costs	65	53
Other pension and life assurance costs	19	17
	<u>905</u>	<u>748</u>

There were no employees whose emoluments including pension contributions and bonuses for the year were greater than £60,000 (2005: None)

(ii) Trustees

The average number of Trustees during the year was 9 (2005: 6). The Trustees received no remuneration or expenses in the year (2005: £Nil).

7 Net (outgoing)/incoming resources

	2006 £'000	2005 £'000
<i>Net (outgoing)/ incoming resources is stated after charging the following:</i>		
Auditors' remuneration		
Audit fees	13	19
Other fees	1	1
Professional fees	28	-
Depreciation: owned assets	661	550
leased assets	448	495
	<u> </u>	<u> </u>

8 Tax

The National Botanic Garden of Wales is a registered charity and there is no charge to corporation tax in respect of the charitable activities (2005: £Nil). The taxation noted below relates to the subsidiary undertaking, Middleton Garden Limited.

	2006 £'000	2005 £'000
Corporation tax	-	-
	<u> </u>	<u> </u>

Notes (continued)

9 Subsidiary Company

The Charity owns the whole of the issued share capital of Middleton Garden Limited, a company registered in England and Wales. The subsidiary is used for the non-charitable, trading activities, namely the operation of a shop and catering in the botanic garden and the franchise operation of plant sales facilities. A summary of the results of the subsidiary is show below.

	2006 £'000	2005 £'000
Turnover	641	411
Cost of sales	(232)	(176)
Gross profit	409	235
Administrative expenses	(232)	(160)
Charitable donation to parent organisation	(177)	(75)
Profit on ordinary activities before tax	-	-
Taxation	-	-
Result for the year	-	-
Current assets	25	34
Current liabilities	(25)	(34)
Net assets	-	-
Called up share capital	-	-
Profit and loss account	-	-
Shareholders' funds – equity	-	-

Notes (continued)

10 Tangible fixed assets - Group and Company

	Freehold land	Long leasehold buildings	Long leasehold land	Plant and Machinery	Fixtures, Fittings and vehicles	Plants and planting	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2005	-	22,121	1,597	12,388	876	891	18	37,891
Additions	-	38	-	6	199	28	19	290
Disposals	-	-	-	-	(9)	-	-	(9)
Transfer	463	-	(463)	-	-	-	-	-
At 31 March 2006	463	22,159	1,134	12,394	1,066	919	37	38,172
Depreciation								
At 1 April 2005	-	2,222	-	2,514	812	-	-	5,548
Disposals	-	-	-	-	(9)	-	-	(9)
Charge for the year	-	527	-	496	86	-	-	1,109
At 31 March 2006	-	2,749	-	3,010	889	-	-	6,648
Net book value								
At 31 March 2006	463	19,410	1,134	9,384	177	919	37	31,524
At 31 March 2005	-	19,899	1,597	9,874	64	891	18	32,343

Substantially all tangible fixed assets are used for direct charitable purposes. The remainder are used for administration and fundraising purposes.

Included in the total net book value of plant and machinery is £8,526,000 (2005: £8,965,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £448,000 (2005: £495,000).

The net book value of plant and machinery includes £729,000 (2005: £771,000) of capitalised finance costs.

11 Investments - Group and Company

	2006 £000	2005 £000
UK Small Cap Fund Retail Income	16	13
Girobank Plc Deposit for 10 year	9,083	8,907
	<u>9,099</u>	<u>8,920</u>

The UK Small Cap Fund Retail Income investment represents 17,314,704 shares in Insight Investment Discretionary Funds ICVC and Insight Investment Professional Funds ICVC. The investment has been recorded at its quoted market value on the London Stock Exchange at the year end date. The investment fund was gifted to the Charity during 1999, at the time of the gift its value was £10,390.

The Girobank Plc deposit represents amounts set aside to meet finance lease obligations as set out in note 15.

Notes (continued)

11 Investments (continued)

The Company has investments in subsidiary undertakings, the details of which are as follows:

Subsidiary	Country of Registration	Proportion of issued Ordinary £1 shares held
Middleton Garden Limited	England and Wales	100%

The activity of this company is to act as the non-charitable operation of the Garden.

Cambrian Ventures Limited	England and Wales	100%
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The activity of this company is the development of incubator units, as part of the Science Centre; this company was dormant during the year.

12 Stock

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Goods for resale	43	34	18	-

13 Debtors

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Trade debtors	88	35	88	35
Amount owed by subsidiary undertakings	-	-	20	-
Other debtors	162	141	162	141
Prepayments	74	64	74	64
	324	240	344	240

Notes (continued)

14 Creditors: amounts falling due within one year

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Bank overdraft	1,416	1,761	1,416	1,761
Obligations under finance leases and hire purchase contracts (see note 16)	426	426	426	426
Trade creditors	377	722	372	688
Other taxes and social security	-	20	-	20
Amounts owed to subsidiary undertakings	-	-	-	-
Accruals	293	205	293	205
	<u>2,512</u>	<u>3,134</u>	<u>2,507</u>	<u>3,100</u>

A legal mortgage is in place on the Company's freehold land and buildings in favour of Bank of Scotland plc. The same assets are subject to a second charge in favour of the Millennium Commission to secure all monies and liabilities advanced by the Commission to the Company. This mortgage restricts the use of the assets to that of a botanical garden. The Welsh Assembly Government also has a legal charge over part of the freehold land of the Company.

15 Creditors: amounts falling due after more than one year – Group and Company

	2006 £'000	2005 £'000
Obligations under finance leases	8,785	8,560
Loan - secured	900	-
	<u>9,685</u>	<u>8,560</u>

During May 2000 the Charity entered into a Sale and Leaseback agreement in respect of certain land, buildings and plant, with Lombard Property Facilities Limited. The sale and leaseback raised £11,126,000; an element of this was placed on deposit to generate interest to meet finance lease repayments. The amount on deposit will be utilised to settle the outstanding balance on the finance lease, this is due to take place in 2010, and interest is accruing on the finance lease.

The obligations under finance leases and hire purchase contracts are secured by a mortgage debenture proving a fixed and floating charge over the Company's assets together with a fixed charge over book debts. The secured party is Lombard Property Facilities Limited.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2006 £'000	2005 £'000
Within one year	426	426
In the second to fifth years	11,404	1,704
Over five years	-	10,126
	<u>11,830</u>	<u>12,256</u>
Less future finance charges	(2,619)	(3,270)
	<u>9,211</u>	<u>8,986</u>

Notes (continued)

15 Creditors: amounts falling due after more than one year – Group and Company (continued)

The loan of £900,000 from Carmarthenshire County Council, secured on certain properties, is repayable in 2010 and bears interest at 6.25%.

16 Deferred income

	2006 £'000	2005 £'000
Arising on financing arrangement	1,967	2,361

This represents the benefit derived from a financial arrangement entered into with the Royal Bank of Scotland plc. This is being released on a straight line basis until the completion of the arrangement in May 2010.

17 Capital funds

	Land £'000	Investments £'000	Total £'000
Group and Company			
Balance at 1 April 2005	1,525	13	1,538
Net incoming resources	-	3	3
Balance at 31 March 2006	1,525	16	1,541

All funds are permanent in nature.

18 Restricted Income funds

	Balance at 1 April 2005 £'000	Movement in funds		Balance at 31 March 2006 £'000
		Incoming resources £'000	Resources expended £'000	
Group and Company				
Millennium Commission	16,174	414	(572)	16,016
European Regional Development Fund	5,040	-	(313)	4,727
Welsh Development Agency	1,763	-	(109)	1,654
Wales Tourist Board	996	-	(62)	934
Other sources	691	155	(591)	255
	24,664	569	(1,647)	23,586

The Millennium Commission is supporting the project and has approved grants for the project totalling £22.2 million.

The above funds were provided to establish a botanical garden in Wales and to maintain current operations.

Notes (continued)

19 Unrestricted funds

Group and Company	2006 £'000	2005 £'000
Balance at beginning of year	1,290	816
Net incoming resources	420	474
Balance at end of year	1,710	1,290

20 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted Income funds £'000	Restricted capital funds £'000	Total 2006 £'000	Total 2005 £'000
Fixed assets	6,413	23,586	1,525	31,524	32,343
Investments	9,083	-	16	9,099	8,920
Net current assets/(liabilities)	(2,134)	-	-	(2,134)	(2,850)
Creditors: amounts due after more than one year	(9,685)	-	-	(9,685)	(8,560)
Deferred income	(1,967)	-	-	(1,967)	(2,361)
	<u>1,710</u>	<u>23,586</u>	<u>1,541</u>	<u>26,837</u>	<u>27,492</u>

In the opinion of the Trustees, sufficient resources are held in appropriate form for each fund to be applied in accordance with any restrictions imposed.

21 Reconciliation of net incoming resources to net cash inflow from operating activities

	2006 £'000	2005 £'000
Net outgoing resources before other recognised gains and losses	(658)	(463)
Interest receivable	(432)	(427)
Interest payable	644	579
Income arising on financing arrangement	(394)	(394)
Operating deficit	(840)	(705)
Depreciation	1,109	1,045
Profit on disposal of fixed assets	(2)	(4)
Movement in stock	(9)	14
Movement in debtors	(87)	(5)
Movement in creditors	(350)	(101)
Net cash (outflow)/inflow from operating activities	(179)	244

Notes (continued)

22 Reconciliation of net cash flow to movement in net debt

	Note	2006 £'000	2005 £'000
Increase in cash in the year		346	62
New loan		(900)	-
Change in net debt from cash flow		(554)	62
Other movements – net interest accrued		(49)	(64)
Movement in net debt in year		(603)	(2)
Net debt brought forward	23	(1,830)	(1,828)
Net debt carried forward	23	(2,433)	(1,830)

Net debt has been restated to reflect the benefit to the charity of the funding arrangement of £2,997,000 previously included with debt.

23 Analysis of changes in net debt

	Cash at bank £'000	Bank overdraft £'000	Liquid resources £'000	Finance lease £'000	Other loan £'000	Total £'000
At 31 March 2004	10	(1,823)	8,743	(8,758)	-	(1,828)
Cash flow	-	62	(235)	235	-	62
Other movements	-	-	399	(463)	-	(64)
At 31 March 2005	10	(1,761)	8,907	(8,986)	-	(1,830)
Cash flow	1	345	259	259	(900)	(554)
Other movements	-	-	435	(484)	-	(49)
At 31 March 2006	11	(1,416)	9,083	(9,211)	(900)	(2,433)

Other movements are in respect of interest accruing on the deposit investment and the finance lease.

24 Capital

The Company is limited by guarantee and therefore has no share capital. The extent of the guarantee is £1 per member. The maximum number of members permitted is 250 and the actual number of members at 31 March 2006 was 27 (2005: 25).

25 Contingencies

There were no material contingent liabilities at 31 March 2006 (2005: £Nil).

Notes *(continued)*

26 Capital commitments

	2006 £'000	2005 £'000
Authorised and contracts placed	47	16

27 Indemnity insurance

The Charity has insurance policies in place which indemnify the Charity against losses arising from negligent or default of the Trustees and Officers. The cost of these policies amounted to £3,000 (2005: £3,000).

28 Pension contributions

The National Botanic Garden of Wales operates a defined contribution pension scheme. The amount charged to the Statement of Financial Activities during the year was £13,000 (2005: £12,000). No contributions were outstanding at the year end (2005: £Nil).