

**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 2004



Contents

Officers and professional advisors	1
Trustees' Report	3
Statement of Trustees' responsibilities	8
Independent auditors' report to the members of The National Botanic Garden of Wales (Limited by Guarantee)	9
Consolidated statement of financial activities	11
Consolidated summary income and expenditure account	12
Consolidated balance sheet	13
Company balance sheet	14
Consolidated cashflow statement	15
Notes	16

Officers and professional advisors

Board of Trustees

		Audit Committee	Nominations Committee	Remuneration Committee
D Clayton-Jones	(Resigned 25 June 2003)			
Lady J Asscher	(Resigned 4 October 2003)			
The Honourable AJL Bruce				x
BH Charles, OBE		x (Chairman)	x (Chairman)	
Professor D Edwards, CBE			x	x
Councillor WJW Evans	(Resigned 3 November 2003)			
Sir J Gray, KBE, CMG	(Resigned 27 June 2003)			
A Hayward – Chairman		x		
J Mitchell, OBE	(Appointed 1 April 2003, resigned 17 October 2003)			
RAE Herbert, CBE				
Councillor R Jones	(Resigned 3 November 2003)			
RJ Thurman	(Resigned 8 October 2003)	x	x	x
E Tudno Jones OBE				

x = denotes the committees on which trustees sit

Executive Management Team

RC Griffiths	-	General Manager
RS Andrews	-	Financial Controller/Company Secretary
CV Edwards	-	Facilities and Operations Manager
W Bopp	-	Curator
TR Bevan	-	Estates Manager
T Roach	-	Head of Education

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 company for the year ended 31 March 2004.

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.

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.

Review of activities

As this was the fourth year of opening this was a year of consolidation and continued development building upon the achievements of the previous year.

The Garden welcomed 139,000 (2003: 147,000) visitors in the year to 31 March 2004. Progress continued on the securing of match funding for the completion of the project including landscaping, additional visitor facilities and the science and research facilities.

Financial position

Following the announcement of the Welsh Assembly Government decision to withdraw anticipated further financial support in September 2003 the Trustees drew up a business plan in association with independent professional advisors which reflected the current trading position as at October 2003 together with a realistic view of future trading operations. This established a funding shortfall and was used as a basis for discussion with the stakeholders, commercial partners, advisors and both local and national government with a view to raising finance necessary to fund the shortfall identified by the plan.

The package consisted of an amount of £300,000 each to be provided by the Welsh Assembly Government, Millennium Commission and Carmarthenshire County Council, together with a further amount of £150,000 to be provided annually for a further four-year period by the Welsh Assembly Government. The Millennium Commission confirmed that it will continue to make available up to £1,349,000 for the enhancement of the Garden. The funding arrangements were subject to the Trustees' agreement and demonstration of progress towards certain contractual terms.

Trustees' report *(continued)*

Financial position *(continued)*

The Trustees accepted the terms underpinning these funding arrangements on 19 March 2004, subject to important issues with the financial institutions being agreed and deferral of trade creditors. These discussions and negotiations principally involving the Welsh Assembly Government, Millennium Commission, Carmarthenshire County Council and the financial institutions have been complex and protracted. As at 8 October 2004 funding of £788,000 had been received from the three funding organisations under these funding arrangements, with all financial targets achieved through effective management. In a letter on 27 April 2004 to all known creditors the Trustees sought their formal acceptance of the plans to settle the debts of the Charity. This was agreed and the first payment to creditors was made on 9 July 2004. The trustees are grateful for the support of all the stakeholders.

In the period since 11 October 2004, 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 by the Minister of Culture, Sports and Welsh Language.

The Trustees have made significant progress in their discussions with the Welsh Assembly Government, Carmarthenshire County Council, The Millennium Commission and other financial supporters in relation to securing the long term financial future of the Group, to enable the Group to enhance its capital programme, meet its forecast revenue shortfalls and enable the Group to negotiate a longer term arrangement with its bankers.

In the year, total resources of £3.2m (2003: £4.7m) were received, comprising £2.9m (2003: £2.9m) of unrestricted funds and £0.2m (2003: £1.8m) of restricted income funds. £0.2m (2003: £1.5m) was received from the Millennium Commission under formal deed of grant and the balance of restricted income funds represented matched funding from public and private sources including some particularly large sums.

In the year, total expended resources amounted to £3.8m (2003: £4.1m). £2.4m (2003: £2.5m) was expended from unrestricted funds leaving an unrestricted fund final balance carried forward of £0.8m (2003: £0.3m). £1.4m (2003: £1.6m) was expended from restricted income funds leaving a restricted income fund balance carried forward of £25.6m (2003: £26.8m). Total fund balances at 31 March 2004 were £28.0m (2003: £28.7m) including restricted capital funds of £1.5m (2003: £1.5m).

Tangible fixed assets at cost or valuation reduced to £33m (2003: £34m) representing £32.3m (2003: £33.1m) of project costs in the form of land, buildings, plant and machinery and assets in the course of construction and £0.9m (2003: £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 £2.9m (2003: £3.0m).

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 rectify 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 or risks

Trustees' report *(continued)*

Constitution

The National Botanic Garden of Wales is a company Limited by Guarantee and a registered charity. 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 Advisory Council and from the General Manager and his 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: Accounting and Reporting by Charities*.

RJ Thurman is the senior partner of Edwards Geldard, who are the solicitors to The National Botanic Garden of Wales on a basis consistent with other public bodies.

Professor D. Edwards is Head of Earth Ocean and Planetary Sciences School at Cardiff University. In addition to carrying out her role as a Trustee she has been seconded on a part time basis to, The National Botanic Garden of Wales by Cardiff University to provide specialist advice in relation to the charitable objectives of the Charity.

Recruitment of Trustees

The Board of Trustees has commissioned Odgers Ray & Berndtson to identify and recruit additional Trustees to join the Board. Advertisements have been placed in the National Press and a list of candidates prepared.

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 recently appointed General Manager 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)*

In addition to the committees established for effective corporate governance, the following committees are set up:

Advisory Council	to advise the Board of Trustees on the development of the Garden;
Arts Committee	to advise the Board of Trustees on all matters relating to the presentation and development of all aspects of the arts;
Business Development Committee	to make recommendations to the Board of Trustees on issues of strategic regulatory and operational nature;
Landscape Development Committee	to advise the Board of Trustees on the form, layout, aesthetic and horticultural aspects of the Garden;
Science Development Committee	to advise the Board of Trustees on the development of research and science of the Garden.

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 each month 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.

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 has also been implemented. As part of this process the trustees will continue to review the adequacy of the charity's internal controls and ensure they conform to guidelines issued by the Charity Commission.

Trustees' report *(continued)*

Volunteers

The Charity is grateful for the unstinting efforts of its volunteers who are involved in its operation. The Charity has appointed a volunteer coordinator to ensure that best value is derived from the sterling efforts of our volunteers.

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; to date 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. Their 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

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


A Hayward
Chairman of Trustees

13.12.2004

Middleton Hall
Llanarthne
Carmarthenshire
SA32 8HG

2004

Statement of Trustees' responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the Group and of the excess of income over expenditure for that period. In preparing those 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 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 Charity and the Group will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the 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 Charity and the Group and to prevent and detect fraud and other irregularities.



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

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

We have audited the financial statements on pages 11 to 30.

This report is made solely to the Charity'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 Charity'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 Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The 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, as described on page 8, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 trustees' report is not consistent with the financial statements, if the Charity 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 Trustees' remuneration and transactions with the Group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Standards 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable Group'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.

Going concern

In forming our opinion, we have considered the disclosures in note 1 to the financial statements concerning the uncertainty relating to the conclusion of funding arrangements with external financiers. In view of the uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

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 of the state of affairs of the charitable Company and the Group as at 31 March 2004 and of the Group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KLM & Co

*Chartered Accountants
Registered Auditor*

14 December 2004

Consolidated statement of financial activities
for the year ended 31 March 2004

	<i>Note</i>	Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds	Total Funds
		2004 £'000	2004 £'000	2004 £'000	2004 £'000	2003 £'000
Incoming resources						
Donations and gifts	2	148	3	-	151	431
Activities in furtherance of the Charity's objects:						
Grants receivable	2	795	192	-	987	2,543
Admission fees	2	396	-	-	396	412
Other incoming resources	2	103	28	-	131	140
Activities for generating funds:						
Fundraising events	2	35	-	-	35	45
Merchandising income	2	661	-	-	661	730
Investment income	3	398	-	-	398	362
Other incoming resources	4	394	-	-	394	-
Total incoming resources		2,930	223	-	3,153	4,663
Costs of generating funds:						
Merchandising costs	5	727	-	-	727	820
Fundraising costs	5	215	-	-	215	240
Charitable expenditure:						
Costs of activities in furtherance of the Charity's objects	5	1,007	412	-	1,419	1,450
Support costs	5	364	1,027	-	1,391	1,435
Management and administration	5	117	-	-	117	162
Total resources expended	5	2,430	1,439	-	3,869	4,107
Net (outgoing)/incoming resources	7	500	(1,216)	-	(716)	556
Unrealised gain/(loss) on investment assets		-	-	4	4	(5)
Net (outgoing)/incoming resources before tax		500	(1,216)	4	(712)	551
Taxation	8	-	-	-	-	-
Net (outgoing)/incoming resources after tax		500	(1,216)	4	(712)	551
Fund balance brought forward		316	26,817	1,532	28,665	28,114
Fund balance carried forward		816	25,601	1,536	27,953	28,665

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 2004

	2004 £'000	2003 £'000
Total income from continuing operations	2,930	2,913
Total expenditure from continuing operations	(3,869)	(4,107)
Net expenditure for the year	(939)	(1,194)

Total income comprises £2.9m (2003: £2.9m) for unrestricted funds and £0.2m (2003: £0.2m) 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 £2.4m (2003: £2.8m) for unrestricted funds and £1.4m (2003: £1.4m) 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. Detailed analyses of expenditure are provided in the Statement of Financial Activities and Note 4.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 11 which, together with the notes to the financial statements on pages 16 to 30 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 deficit of the Company for the year was £0.6m (2003: £0.5m).

The total income and expenditure have been calculated as follows:

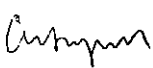
	2004 £'000	2003 £'000
Total incoming resources	3,153	4,663
Less: Gifts of services and assets	-	-
	3,153	4,663
Less: Restricted income (capital grants) not recognised	(223)	(1,750)
Total income from continuing operations	2,930	2,913
Total resources expended	3,869	4,107
Less: Gifts of services not capitalised	-	-
Total expenditure from continuing operations	3,869	4,107

Consolidated balance sheet
at 31 March 2004

	<i>Note</i>	2004	2003
		£'000	£'000
Fixed assets			
Tangible assets	11	33,290	34,077
Investments	12	8,754	8,597
		<u>42,044</u>	<u>42,674</u>
Current assets			
Stock	13	48	76
Debtors	14	235	353
Cash at bank		10	5
		<u>293</u>	<u>434</u>
Creditors: amounts falling due within one year	15	<u>(3,187)</u>	<u>(3,090)</u>
Net current liabilities		<u>(2,894)</u>	<u>(2,656)</u>
Total assets less current liabilities		<u>39,150</u>	<u>40,018</u>
Creditors: amounts falling due after more than one year	16	<u>(8,442)</u>	<u>(11,353)</u>
Deferred income	17	<u>(2,755)</u>	<u>-</u>
Net assets		<u>27,953</u>	<u>28,665</u>
Fund balances			
Restricted capital funds	18	1,536	1,532
Restricted income funds	19	25,601	26,817
Unrestricted funds	20	816	316
Total funds	21	<u>27,953</u>	<u>28,665</u>

These Financial Statements were approved by the Board of Trustees on
signed on its behalf by:

2004 and were


A Hayward
Chairman

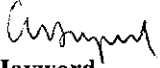
13.12.2004.

Company balance sheet
at 31 March 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	11	33,290	34,077
Investments	12	8,754	8,597
		<u>42,044</u>	<u>42,674</u>
Current assets			
Debtors	14	235	412
Cash at bank		10	5
		<u>245</u>	<u>417</u>
Creditors: amounts falling due within one year	15	<u>(3,139)</u>	<u>(3,073)</u>
Net current liabilities		<u>(2,894)</u>	<u>(2,656)</u>
Total assets less current liabilities		<u>39,150</u>	<u>40,018</u>
Creditors: amounts falling due after more than one year	16	<u>(8,442)</u>	<u>(11,353)</u>
Deferred income	17	<u>(2,755)</u>	<u>-</u>
Net assets		<u>27,953</u>	<u>28,665</u>
Fund balances			
Restricted capital funds	18	1,536	1,532
Restricted income funds	19	25,601	26,817
Unrestricted funds	20	816	316
Total funds	21	<u>27,953</u>	<u>28,665</u>

These Financial Statements were approved by the Board of Trustees on
signed on its behalf by:

2004 and were


A Hayward
Chairman

13.12.2004

Consolidated cashflow statement
for the year ended 31 March 2004

	<i>Note</i>	2004	2003
		£'000	£'000
Net cash inflow from operating activities	22	247	2,361
Returns on investments and servicing of Finance			
Interest received		69	2
Interest paid		(86)	(204)
		<hr/>	<hr/>
		(17)	(202)
Capital expenditure			
Payments to acquire tangible fixed assets		(240)	(2,513)
Proceeds on sale of fixed assets		10	-
		<hr/>	<hr/>
Net cashflow before use of liquid resources and financing		-	(354)
Financing			
Redemption of investment		176	213
Repayment of capital element on hire purchase balances		(176)	(213)
		<hr/>	<hr/>
		-	-
Decrease in cash	23	<hr/>	<hr/>
		-	(354)

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 (issued in October 2000). 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 financial statements have been prepared on the going concern basis, which the Trustees believe to be appropriate for the following reasons. As set out in the Trustees' report on pages 3 to 4, the Group has developed an operating plan in conjunction with independent professional advisors, which establishes key financial targets and identifies potential funding sources to address the cash shortfall over the next 5 years. The Group has been successful in securing funding in accordance with the plan subject to a number of conditions, the majority of which have already been met. The remaining conditions are still subject to further discussion but the Trustees have no reason to believe that those discussions will not be successful. To date the Group has traded in accordance with the plan and the Trustees are of the opinion that the Group can continue to do so. Based on this the Trustees believe that the Group will be a going concern for the foreseeable future, but there can be no absolute certainty as to this. 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.

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 specifically for the furtherance of 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.

Notes (continued)

1 Accounting policies (continued)

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 304 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.

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.

Costs of activities in furtherance of the Charity's objects comprises 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.

Management and administration costs relate to the management of the Charity's assets, the organisation and administration of the Charity, and compliance with constitutional and statutory requirements.

Notes (continued)

1 Accounting policies (continued)

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

	2004 £'000	2003 £'000
Donations and gifts		
Donations	151	431
Gift of services, assets and investments	-	-
	<u>151</u>	<u>431</u>
Grants receivable		
The Millennium Commission	162	1,456
Welsh Assembly Government	645	962
The European Regional Development Fund	27	74
The Welsh Development Agency	-	10
Wales Tourist Board	-	-
Carmarthenshire County Council	150	-
Others	3	41
	<u>987</u>	<u>2,543</u>
Other incoming resources		
Guide books	12	33
Education events	42	51
Profit on sale of fixed assets	10	-
Other	67	56
	<u>131</u>	<u>140</u>
Fundraising events		
Membership	33	45
Events	2	-
	<u>35</u>	<u>45</u>
Merchandising income		
Sale of goods	661	730
	<u>661</u>	<u>730</u>
Admissions	<u>396</u>	<u>412</u>

3 Investment income

	2004 £'000	2003 £'000
Bank deposit interest	398	362
	<u>398</u>	<u>362</u>

Notes (continued)

4 Other incoming resources

	2004	2003
	£'000	£'000
Release of deferred income (see note 17)	394	-

5 Analysis of total resources expended

	Staff costs	Other	Depreciation	2004	2003
	£'000	£'000	£'000	Total	Total
				£'000	£'000
Merchandising costs	328	399	-	727	820
Fund raising and publicity	68	147	-	215	240
Costs of activities in furtherance of the Charity's objects	525	894	-	1,419	1,450
Support costs	74	290	1,027	1,391	1,435
Management and administration	101	16	-	117	162
	1,096	1,746	1,027	3,869	4,107

Other merchandising costs comprise:

	2004	2003
	£'000	£'000
Shop, catering and plant costs	374	364
Ticket costs	-	3
Credit card and cash handling charges	20	22
Events	5	15
	399	404

Other fund raising and publicity costs comprise:

	2004	2003
	£'000	£'000
Marketing	147	225
Fund raising	-	7
Travel	-	2
	147	234

Notes (continued)

5 Analysis of total resources expended (continued)

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

	2004 £'000	2003 £'000
Horticulture	39	62
Operations	772	770
Director	51	15
Education	2	10
Science	30	55
	<hr/>	<hr/>
	894	912
	<hr/>	<hr/>

Other support costs comprise:

	2004 £'000	2003 £'000
Legal and professional	78	43
Insurance and administration	23	15
Travel and vehicle costs	-	1
Establishment costs	100	50
Bank loan interest	89	82
	<hr/>	<hr/>
	290	191
	<hr/>	<hr/>

Other management and administration costs comprise:

	2004 £'000	2003 £'000
Chief operating officer	4	21
Auditors fees – audit	12	12
	<hr/>	<hr/>
	16	33
	<hr/>	<hr/>

6 Staff numbers and costs

The average number of persons employed during the year, analysed by category, was as follows:

(i) Staff

	Number of employees	
	2004	2003
Permanent		
Technical	17	23
Administration	6	8
Retail and operations	33	33
	<hr/>	<hr/>
	56	64
	<hr/>	<hr/>

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2004 £'000	2003 £'000
Wages and salaries	998	1,075
Social security costs	83	88
Other pension and life assurance costs	15	19
	<u>1,096</u>	<u>1,182</u>

The number of employees whose emoluments including pension contributions and bonuses for the year were greater than £50,000 can be classified as follows:

	2004	2003
£60,000 - £69,999	1	-
£70,000 - £79,999	-	1
£80,000 - £89,999	-	1
	<u>-</u>	<u>1</u>

The pension contributions of the higher paid employees amounted to £Nil (2003 - £8,000).

(ii) Trustees

The average number of Trustees during the year was 9 (2003: 13). The Trustees received no remuneration or expenses in the year (2003: £Nil).

7 Net (outgoing)/incoming resources

	2004 £'000	2003 £'000
<i>Net(outgoing)/ incoming resources is stated after charging the following:</i>		
Rentals under operating leases	12	15
Auditors' remuneration		
Audit fees	12	12
Other fees	7	31
Professional fees	71	-
Depreciation: owned assets	583	720
leased assets	444	444
	<u>444</u>	<u>444</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 (2003: £Nil). The taxation noted below relates to the subsidiary undertaking, Middleton Garden Limited.

	2004 £'000	2003 £'000
Corporation tax	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

9 Operating lease commitments

At 31 March 2004 the Group was committed to making the following payments during the next year in respect of operating leases.

	2004 Other assets £'000	2003 Other assets £'000
Leases which expire:		
Within two to five years	-	12

10 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 in the botanic garden and the franchise operation of catering and plant sales facilities. A summary of the results of the subsidiary is show below.

	2004 £'000	2003 £'000
Turnover	662	730
Cost of sales	(321)	(298)
Gross profit	341	432
Administrative expenses	(265)	(365)
Charitable donation to parent organisation	(76)	(67)
Profit on ordinary activities before tax	-	-
Taxation	-	-
Result for the year	-	-
Assets	149	81
Liabilities	149	(81)
Net assets	-	-

Notes (continued)

11 Tangible fixed assets - Group and Company

	Estate vehicles £'000	Long leasehold buildings £'000	Long leasehold land £'000	Plant and machinery £'000	Fixtures and fittings £'000	Plants and planting £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation								
At 1 April 2003	218	19,123	1,597	12,244	648	793	2,956	37,579
Additions	12	85	-	99	2	85	(43)	240
Disposals	(12)	-	-	-	(6)	-	-	(18)
At 31 March 2004	218	19,208	1,597	12,343	644	878	2,913	37,801
Depreciation								
At 1 April 2003	150	1,228	-	1,525	599	-	-	3,502
Disposals	(12)	-	-	-	(6)	-	-	(18)
Charge for the year	42	468	-	493	24	-	-	1,027
At 31 March 2004	180	1,696	-	2,018	617	-	-	4,511
Net book value								
At 31 March 2004	38	17,512	1,597	10,325	27	878	2,913	33,290
At 31 March 2003	68	17,895	1,597	10,719	49	793	2,956	34,077

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 £9,794,000 (2003: £10,238,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £444,000 (2003: £444,000).

The net book value of plant and machinery includes £730,000 (2003: £834,000) of capitalised finance costs.

12 Investments - Group and Company

	2004 £000	2003 £000
Five Arrows Global Investment Fund	11	7
Girobank Plc Deposit for 10 year	8,743	8,590
	<u>8,754</u>	<u>8,597</u>

The investment in listed company represents 20,699 units in a UK quoted investment fund, being the "Five Arrows Global Investment Fund UK Smaller 'A' shares". 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.

Notes (continued)

12 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%
---------------------------	-------------------	------

The activity of this company is the development of incubator units, as part of the Science Centre; this company was dormant during the year.

13 Stock

	Group 2004 £'000	Group 2003 £'000
Goods for resale	48	76

14 Debtors

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Trade debtors	13	57	13	57
Grants receivable	97	121	97	121
Amounts owed by subsidiary undertaking	-	-	-	59
Other debtors	125	97	125	97
Prepayments	-	78	-	78
	<u>235</u>	<u>353</u>	<u>235</u>	<u>412</u>

Notes (continued)

15 Creditors: amounts falling due within one year

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank overdraft	1,823	1,818	1,823	1,818
Obligations under finance leases and hire purchase contracts (see note 16)	316	313	316	313
Trade creditors	830	758	757	741
Other taxes and social security	34	27	34	27
Amounts owed to subsidiary undertakings	-	-	25	-
Accruals	184	174	184	174
	3,187	3,090	3,139	3,073

A legal mortgage is in place on the Company's freehold land and buildings in favour of Halifax Bank of Scotland. 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 Development Agency also has a legal charge over part of the freehold land of the Company.

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

	2004 £'000	2003 £'000
Obligations under finance leases	8,442	11,353

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:

	2004 £'000	2003 £'000
Within one year	316	313
In the second to fifth years	2,130	1,704
Over five years	8,056	10,978
	10,502	12,995
Less future finance charges	(1,744)	(1,329)
	8,758	11,666

Notes (continued)

17 Deferred income

	2004 £'000	2003 £'000
Arising on financing arrangement	2,755	-

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

18 Capital funds

Group and Company	Land £'000	Investments £'000	Total £'000
Balance at 1 April 2003	1,525	7	1,532
Net outgoing resources	-	4	4
Balance at 31 March 2004	1,525	11	1,536

All funds are permanent in nature.

19 Restricted Income funds

Group and Company	Balance at 1 April 2003 £'000	Movement in funds		Balance at 31 March 2004 £'000
		Incoming resources £'000	Resources expended £'000	
Millennium Commission	16,724	162	(514)	16,372
European Regional Development Fund	5,591	27	(284)	5,334
Welsh Development Agency	1,965	-	(99)	1,866
Wales Tourist Board	1,110	-	(56)	1,054
Other sources	1,427	34	(486)	975
	26,817	223	(1,439)	25,601

The Millennium Commission is supporting the project and, subject to matched funding being obtained from other sources, has approved grants for the project totalling £21.6 million.

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

Notes (continued)

20 Unrestricted funds

	2004 £'000	2003 £'000
Group and Company		
Balance at beginning of year	316	(106)
Net incoming resources	500	422
Balance at end of year	816	316

21 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted Income funds £'000	Restricted capital funds £'000	Total 2004 £'000	Total 2003 £'000
Fixed assets	-	31,765	1,525	33,290	34,077
Investments	8,743	-	11	8,754	8,597
Net current assets/(liabilities)	3,270	(6,164)	-	(2,894)	(2,656)
Creditors: amounts due after more than one year	(8,442)	-	-	(8,442)	(11,353)
Deferred income	(2,755)	-	-	(2,755)	-
	<u>816</u>	<u>25,601</u>	<u>1,536</u>	<u>27,953</u>	<u>28,665</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.

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

	2004 £'000	2003 £'000
Net (outgoing)/incoming resources	(712)	551
Movement on investment	(4)	5
Net cash incoming resources	(716)	556
Interest receivable	(398)	(362)
Interest payable	501	587
Income arising on financing arrangement	(394)	-
Operating (deficit)/surplus	(1,007)	781
Depreciation	1,027	1,164
Profit on disposal of fixed assets	(10)	-
Movement in stock	28	6
Movement in debtors	118	1,068
Movement in creditors	91	(658)
Net cash inflow from operating activities	<u>247</u>	<u>2,361</u>

Notes (continued)

23 Reconciliation of net cash flow to movement in net debt

	Note	2004 £'000	2003 £'000
Decrease in cash in the year		-	(354)
Change in net debt		-	(474)
Net debt brought forward	22	(4,889)	(4,415)
Net debt carried forward	22	(4,889)	(4,889)

24 Analysis of changes in net debt

	Cash at bank £'000	Bank overdraft £'000	Liquid resources £'000	Finance lease £'000	Other £'000	Total £'000
At 31 March 2002	17	(1,476)	8,440	(11,396)	-	(4,415)
Cash flow	(12)	(342)	(213)	213	-	(354)
Other movements	-	-	363	(483)	-	(120)
At 31 March 2003	5	(1,818)	8,590	(11,666)	-	(4,889)
Cash flow	5	(5)	(176)	176	-	-
Other movements	-	-	329	2,732	(3,061)	-
At 31 March 2004	10	(1,823)	8,743	(8,758)	(3,061)	(4,889)

25 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 2004 was 25 (2003: 25).

26 Non cash transactions

During the year £Nil (2003: £Nil) of services and assets were gifted to the Charity.

27 Contingencies

There were no material contingent liabilities at 31 March 2004 (2003: £Nil).

Notes (continued)

28 Capital commitments

	2004 £'000	2003 £'000
Authorised and contracts placed	16	58

29 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 (2003 - £2,000).

30 Pension contributions

National Botanic Garden of Wales operates a defined contribution pension scheme. The amount charged to the Statement of Financial Activities during the year was £15,000 (2003: £19,000). No contributions were outstanding at the year end (2003: £Nil).