

**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 2001



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Officers and professional advisors

Board of trustees

	Audit Committee	Nominations Committee	Remuneration Committee
D Clayton-Jones (Chairman)	x		
The Right Honourable the Earl Lloyd-George of Dwyfor (Resigned 12 December 2000)			
Lady J Asscher			
The Honourable AJL Bruce			x
BH Charles, OBE	x (Chairman)	x (Chairman)	
Professor D Edwards, CBE		x	x
JW Evans, CBE (Resigned 30 June 2001)			x (Chairman until 30 June 2001)
Councillor WJW Evans			
Sir J Gray, KBE, CMG			
Ms BCL Harden, MBE			
DG Hawkins (Resigned 22 March 2001)	x (Chairman until 22 March 2001)		
A Hayward	x		
RAE Herbert, CBE			
Ms CB James (Resigned 9 January 2001)			
Councillor R Jones			
RJ Thurman	x	x	x
E Tudno Jones			
G Wardell			

Officers and professional advisors *(continued)*

Registered office

Middleton Hall
Llanarthne
Carmarthenshire
SA32 8HW

Auditors

KPMG
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

Bankers

Bank of Wales plc
One Kingsway
Cardiff
CF10 3YB

Solicitors

Edwards Geldard
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Enquiries

Enquiries should be addressed to Brian Bassett 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 2001.

Objectives

The objectives for which the company 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

In the year under review the Garden opened to the general public on 24 May 2000. The Garden welcomed 204,000 visitors in the period to 31 March 2001 despite being closed for 3 weeks in March 2001 due to the outbreak of foot and mouth. The Lifelong Learning Centre, the Stable Block and landscaping to the core area of the Garden were completed on schedule for the opening. Progress continued on the securing of match funding for the remainder of the project including landscaping, additional visitor facilities and the science and research facilities.

Financial position

In the year, the Garden received total resources of £6.1m (2000: £4.1m), comprising £1.4m (2000: £0.1m) of unrestricted funds, £4.7m (2000: £4.0m) of restricted funds but no (2000: no) capital funds. £2.2m (2000: £2.7m) was received from the Millennium Commission under formal deed of grant and the balance represented matched funding from public and private sources including some particularly large sums.

Trustees' report *(continued)*

Financial position *(continued)*

The Garden expended resources of £3.6m (2000: £1.8m). £2.1m (2000: £0.6m) was expended from unrestricted funds leaving an unrestricted fund balance carried forward of £0.5m (2000: £1.2m). £1.5m (2000: £1.2m) was expended from restricted funds leaving a restricted fund balance carried forward of £23.5m (2000: £20.3m). Total fund balances at 31 March 2001 were £25.6m (2000: £23.1m) including capital funds of £1.6m (2000: £1.6m).

Tangible fixed assets at cost or valuation increased to £29.9m (2000: £24.6m) representing £28.8m (2000: £23.8m) of project costs in the form of land, buildings, plant and machinery and assets in the course of construction and £1.1m (2000: £0.8m) in estate vehicles, fixtures and fittings, and plants and planting. The completion of fundraising for Phase Two has enabled the programme to move forward with certainty and for the necessary construction contracts to be entered into in accordance with the programme. At the end of the year, the value of the land, buildings, fixtures and fittings and assets in the course of construction had decreased to £0.9m (2000: £3.4m) following a reclassification of assets.

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 formed to develop incubator units, as part of the science centre.

The Board of Directors is the governing body and oversees the implementation of the Garden's policies, considering recommendations from the Advisory Council and from the Director of the Garden 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 under administrative details 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.

DG Hawkins was a non executive director of Hyder plc (he resigned on 15 September 2000). A consultancy agreement with Hyder Consulting Limited is in place and an agreement was entered into with Dwr Cymru Cyfyngedig in exchange for the provision of benefits.

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.

J W Evans is the chairman of the Bank of Wales plc, which is the bank of The National Botanic Garden of Wales on normal commercial terms.

Trustees' report *(continued)*

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

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.

Reserves

As a recently established charity, the Garden has been unable to build up an adequate level of unrestricted reserves. The trustees recognise the need to secure viability beyond the immediate future to provide a sustainable operation over the longer term. 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

The trustees are considering ways in which additional unrestricted funds will be raised.

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.

Trustees' report *(continued)*

Governance and internal control *(continued)*

The trustees have overall responsibility for ensuring that the charity has appropriate system 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.

The trustees, with advice from their auditors, intend to introduce a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the trustees will continue to review the adequacy of the charity's internal controls and ensure they conform with guidelines issued by the Charity Commission.

The trustees will consider the need for a specific internal audit function.

Volunteers

The charity is grateful for the unstinting efforts of its volunteers who are involved in the 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.

Trustees' report *(continued)*

Remuneration

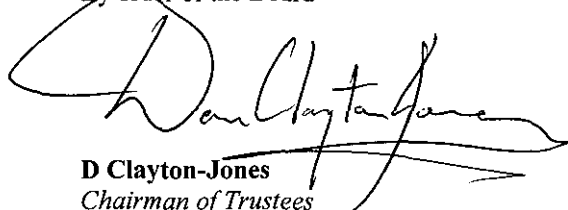
The Board of Trustees and members of the committees receive no remuneration. Where claimed, expenses are reimbursed. During the year, no trustees received any reimbursement of expenses (2000: £Nil).

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 was introduced on 1 January 2001. The Garden makes contributions to personal pension schemes for the Director of the Garden and senior management.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



D Clayton-Jones
Chairman of Trustees

Middleton Hall
Llanarthne
Carmarthenshire
SA32 8HW

16 November 2001

Statement of trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the trustees, who are also the directors of the company, 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 at the end of the year and of its financial activities during the year then ended. 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 in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have agreed 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.



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 10 to 29.

Respective responsibilities of trustees and auditors

As described on page 8, 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 directors' 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.

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 2001 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.

KPMG

*Chartered Accountants
Registered Auditors*

16 November 2001

Consolidated statement of financial activities
for the year ended 31 March 2001

	<i>Note</i>	Unrestricted funds 2001 £'000	Restricted funds 2001 £'000	Capital funds 2001 £'000	Total funds 2001 £'000	Total funds 2000 £'000
Incoming resources						
Donations and gifts	2	118	568	-	686	761
Activities in furtherance of the charity's objects:						
Grants receivable	2	-	4,047	-	4,047	3,365
Admission fees		657	-	-	657	-
Other	2	274	-	-	274	-
Activities for generating funds:						
Fundraising events	2	93	-	-	93	-
Merchandising income	2	289	-	-	289	-
Investment income	3	-	11	-	11	7
Total incoming resources		1,431	4,626	-	6,057	4,133
Costs of generating funds:						
Merchandising costs	4	202	-	-	202	-
Fundraising costs	4	290	165	-	455	597
Charitable expenditure:						
Costs of activities in furtherance of the charity's objects	4	853	150	-	1,003	675
Support costs	4	405	1,118	-	1,523	-
Management and administration	4	418	-	-	418	480
Total resources expended	4	2,168	1,433	-	3,601	1,752
Net (outgoing)/incoming resources	6	(737)	3,193	-	2,456	2,381
Unrealised loss on investment Assets		-	-	5	(5)	7
Net (outgoing)/incoming resources before tax	7	(737)	3,193	(5)	2,451	2,388
Taxation		-	-	-	-	-
Net (outgoing)/incoming resources after tax		(737)	3,193	(5)	2,451	2,388
Fund balance brought forward		1,236	20,327	1,545	23,108	20,720
Fund balance carried forward		499	23,520	1,540	25,559	23,108

Restricted funds are income funds.

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 2001

	2001 £'000	2000 £'000
Total income of continuing operations	1,969	1,038
Total expenditure of continuing operations	(3,597)	(1,701)
Net expenditure for the year	(1,628)	(663)

Total income comprises £1.4m (2000: £0.1m) for unrestricted funds and £0.6m (2000: £0.9m) for restricted funds and excludes items of a capital nature and 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 £2.1m (2000: £0.5m) for unrestricted funds and £1.5m (2000: £1.2m) for restricted 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 10 which, together with the notes to the financial statements on pages 15 to 29 and the reconciliation shown 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 expenditure of the company for the year was £1.6m (2000: £0.7m).

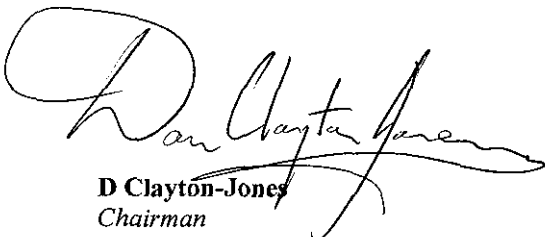
The total income and expenditure have been calculated as follows:


	2001 £'000	2000 £'000
Total incoming resources	6,057	4,133
Less: Gifts of services and assets	(224)	(333)
	5,833	3,800
Less: Capital grants not recognised	(3,864)	(2,762)
Total income of continuing operations	1,969	1,038
Total resources expended	3,601	1,752
Less: Gifts of services not capitalised	(4)	(51)
Total expenditure of continuing operations	3,597	1,701

Consolidated balance sheet
at 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	10	29,859	24,476
Investments	11	8,310	20
		<u>38,169</u>	<u>24,496</u>
Current assets			
Stock	12	67	-
Debtors	13	991	1,791
Cash at bank		23	12
		<u>1,081</u>	<u>1,803</u>
Creditors: amounts falling due within one year	14	<u>(3,590)</u>	<u>(3,191)</u>
Net current liabilities		<u>(2,509)</u>	<u>(1,388)</u>
Total assets less current liabilities		<u>35,660</u>	<u>23,108</u>
Creditors: amounts falling due after more than one year	15	<u>(10,101)</u>	<u>-</u>
Net assets		<u>25,559</u>	<u>23,108</u>
Fund balances			
Capital funds	16	1,540	1,545
Restricted funds	17	23,520	20,327
Unrestricted funds	18	499	1,236
Total funds	19	<u>25,559</u>	<u>23,108</u>

These financial statements were approved by the board of trustees on 13 November 2001 and were signed on its behalf by:

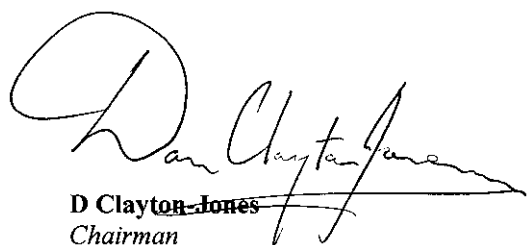

D Clayton-Jones
Chairman

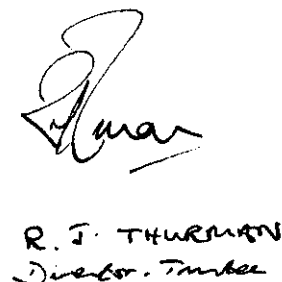

R. J. Thompson
Director - Trustee

Company balance sheet
at 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	10	29,859	24,476
Investments	11	8,310	20
		<u>38,169</u>	<u>24,496</u>
Current assets			
Debtors	13	1,052	1,791
Cash at bank		23	12
		<u>1,075</u>	<u>1,803</u>
Creditors: amounts falling due within one year	14	<u>(3,584)</u>	<u>(3,191)</u>
Net current liabilities		<u>(2,509)</u>	<u>(1,388)</u>
Total assets less current liabilities		<u>35,660</u>	<u>23,108</u>
Creditors: amounts falling due after more than one year	15	<u>(10,101)</u>	<u>-</u>
Net assets		<u>25,559</u>	<u>23,108</u>
Fund balances			
Capital funds	16	1,540	1,545
Restricted funds	17	23,520	20,327
Unrestricted funds	18	499	1,236
Total funds	19	<u>25,559</u>	<u>23,108</u>

These financial statements were approved by the board of trustees on 13 November 2001 and were signed on its behalf by:


D Clayton Jones
Chairman


R. J. THURMAN
Director, Finance

Consolidated cashflow statement
for the year ended 31 March 2001

	<i>Note</i>	2001	2000
		£'000	£'000
Net cash inflow from operating activities	20	3,803	2,687
Returns on investments and servicing of finance			
Interest received	11	7	
Interest paid	(365)	(11)	
		(354)	(4)
Capital expenditure			
Payments to acquire tangible fixed assets		(6,227)	(3,880)
Net cashflow before use of liquid resources and financing		(2,778)	(1,197)
Financing			
Repayment of short term loan	(21)	-	-
Income from finance lease	11,126	-	-
Capital repayment of finance loan	(38)	-	-
		11,067	-
Increase/(decrease) in cash	21	8,289	(1,197)

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.

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 funds can take two forms: income and capital. The 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. 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.

Capital funds

Capital funds represent gifts of land and investments to be held as capital by the Charity.

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.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

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.

The following depreciation policies have been adopted in the preparation of these financial statements:

Long leasehold buildings	-	2% per annum on a straight line basis
Long leasehold land	-	Not depreciated
Plant and machinery	-	4% per annum on a straight line basis
Fixtures and fittings	-	20% to 33% per annum on a straight line basis
Estate vehicles	-	25% per annum on a straight line basis
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.

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.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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.

Pension costs

The charity introduced a group pension scheme for all permanent staff on 1 January 2001. Contributions are also made to certain employees' personal pension schemes, which are defined contribution schemes, as part of their remuneration package and are charged in the period in which incurred.

Notes (continued)

2 Analysis of incoming resources

	2001 £'000	2000 £'000
Donations and gifts		
Donations	462	428
Gift of services, assets and investments	224	333
	<hr/> 686	<hr/> 761
Grants receivable		
The Millennium Commission	2,243	2,749
The European Regional Development Fund	1,111	504
The Welsh Development Agency	205	19
Wales Tourist Board	455	-
Others	33	93
	<hr/> 4,047	<hr/> 3,365
Other incoming resources		
Guide books	93	-
Education events	46	-
Other	135	-
	<hr/> 274	<hr/> -
Fundraising events		
Membership	74	-
Events	19	-
	<hr/> 93	<hr/> -
Merchandising income		
Sale of goods (note 9)	289	-
	<hr/> 289	<hr/> -

3 Investment income

	2001 £'000	2000 £'000
Bank deposit interest	11	7
	<hr/> 11	<hr/> 7

Notes (continued)

4 Analysis of total resources expended

	Staff costs £'000	Other £'000	Depreciation £'000	2001 Total £'000	2000 Total £'000
Merchandising costs	-	202	-	202	-
Fund raising and publicity	173	282	-	455	597
Costs of activities in furtherance of the charity's objects	558	445	-	1,003	675
Support costs	217	238	1,068	1,523	480
Management and administration	199	219	-	418	-
	<u>1,147</u>	<u>1,386</u>	<u>1,068</u>	<u>3,601</u>	<u>1,752</u>

Other merchandising costs comprise:

	2001 £'000	2000 £'000
Shop, catering and plant costs	162	-
Ticket costs	3	-
Credit card and cash handling charges	21	-
Events	16	-
	<u>202</u>	<u>-</u>

Other fund raising and publicity costs comprise:

	2001 £'000	2000 £'000
Marketing	236	120
Fund raising	26	200
Travel	20	36
Other	-	6
	<u>282</u>	<u>362</u>

Notes (continued)

4 Analysis of total resources expended (continued)

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

	2001 £'000	2000 £'000
Horticulture	72	65
Operations	316	237
Director	16	22
Education	32	20
Science	9	17
	<hr/>	<hr/>
	445	361
	<hr/>	<hr/>

Other support costs comprise:

	2001 £'000	2000 £'000
Legal and professional	36	67
Insurance and administration	18	13
Travel and vehicle costs	15	20
Establishment costs	91	67
Bank loan interest	78	11
	<hr/>	<hr/>
	238	178
	<hr/>	<hr/>

Other management and administration costs comprise:

	2001 £'000	2000 £'000
Finance costs	179	-
Director	17	-
Administration	23	-
	<hr/>	<hr/>
	219	-
	<hr/>	<hr/>

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2001	2000
Permanent		
Technical	39	26
Administration	9	7
Retail and operations	19	-
	<hr/>	<hr/>
	67	33
Trustees	15	18
	<hr/>	<hr/>
	82	51
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£'000	£'000
Wages and salaries	1,036	646
Social security costs	92	60
Other pension and life assurance costs	19	18
	<hr/>	<hr/>
	1,147	724
	<hr/>	<hr/>

The trustees received no remuneration or expenses in the year (2000: £Nil).

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

	2001	2000
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1

6 Net (outgoing)/incoming resources

	2001	2000
	£'000	£'000
Net incoming resources is stated after charging the following:		
Rentals under operating leases:		
Motor vehicles	18	20
Other assets	15	10
Auditors' remuneration		
Audit fees	9	9
Other fees	34	13
Depreciation on owned assets	1,068	73
	<hr/>	<hr/>

Notes (continued)

7 Tax

The National Botanic Garden is a registered charity and there is no charge to corporation tax in respect of the charity (2000: £Nil). The taxation noted below relates to the subsidiary undertaking, Middleton Garden Limited.

	2001 £'000	2000 £'000
Corporation tax	-	-

8 Operating lease commitments

At 31 March 2001 the group was committed to making the following payments during the next year in respect of operating leases.

	2001		2000	
	Estate vehicles £'000	Other assets £'000	Estate vehicles £'000	Other assets £'000
Leases which expire:				
Within two to five years	6	12	8	12

9 Subsidiary company

The charity owns the whole of the 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. The company was dormant in 2000. A summary of the results of the subsidiary is shown below.

	2001 £'000	2000 £'000
Turnover	289	-
Cost of sales	(167)	-
Gross profit	122	-
Administrative expenses	(46)	-
Charitable donation to parent organisation	(76)	-
Profit on ordinary activities before tax	-	-
Taxation	-	-
Profit for the year	-	-
Assets	68	-
Liabilities	(68)	-
Net assets	-	-

Notes (continued)

10 Tangible fixed assets - group and company

	Estate vehicles	Long leasehold buildings	Long leasehold land	Plant and machinery	Fixtures and fittings	Plants and planting	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2000	67	18,769	1,597	-	211	548	3,440	24,632
Additions	86	641	-	-	389	114	5,221	6,451
Reclassification	-	(4,398)	-	12,149	-	-	(7,751)	-
At 31 March 2001	153	15,012	1,597	12,149	600	662	910	31,083
Depreciation								
At 1 April 2000	23	47	-	-	86	-	-	156
Charge for the year	40	300	-	549	179	-	-	1,068
At 31 March 2001	63	347	-	549	265	-	-	1,224
Net book value								
At 31 March 2001	90	14,665	1,597	11,600	335	662	910	29,859
At 31 March 2000	44	18,722	1,597	-	125	548	3,440	24,476

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 £10,662,000 (2000: £Nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £444,000 (2000: £Nil).

The net book value of plant and machinery includes £938,000 (2000: £Nil) of capitalised finance costs.

11 Investments - group and company

	Investment in listed company £'000	Long term cash deposit £'000	Total £'000
Balance at beginning of year	20	-	20
Reduction in market value of investment	(5)	-	(5)
Investments made in the year	-	8,295	8,295
Balance at the end of the year	15	8,295	8,310

Notes (continued)

11 Investments (continued)

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.

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 the 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 the company is the development of incubator units, as part of the Science Centre, and the company was dormant during the year.

12 Stock

	Group 2001 £'000	Group 2000 £'000
Goods for resale	67	-

13 Debtors

	Group 2001 £'000	Group 2000 £'000	Company 2001 £'000	Company 2000 £'000
Grants receivable	731	1,484	731	1,484
Amounts owed by subsidiary undertaking	-	-	62	-
Other debtors	247	264	246	264
Prepayments	13	43	13	43
	<u>991</u>	<u>1,791</u>	<u>1,052</u>	<u>1,791</u>

Notes (continued)

14 Creditors: amounts falling due within one year

	Group 2001 £'000	Group 2000 £'000	Company 2001 £'000	Company 2000 £'000
Bank overdraft	990	973	990	973
Obligations under finance leases and hire purchase contracts (see note 15)	987	-	987	-
Trade creditors	1,325	2,156	1,319	2,156
Loans	-	21	-	21
Corporation tax	-	-	-	-
Other taxes and social security	33	-	33	-
Accruals	255	41	255	41
	<u>3,590</u>	<u>3,191</u>	<u>3,584</u>	<u>3,191</u>

A legal mortgage is in place on the company's freehold land and buildings in favour of Bank of Wales plc. The same assets are secured by 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.

15 Creditors: amounts falling due after more than one year – group and company

	2001 £'000	2000 £'000
Obligations under finance leases	<u>10,101</u>	<u>-</u>

During the year the company 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. £8,237,000 was placed on deposit to generate interest to meet finance lease repayments. £1,043,000 has been capitalised as the cost of the scheme and will be depreciated over the life of the lease. The remaining £1,719,000 has been used for the funding of the Garden. The increase in net debt of £2,778,000 represents the additional finance lease entered into as a result of the sale and leaseback.

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:

	£'000
Within one year	987
In the second to fifth years	3,117
Over five years	12,039
	<u>16,143</u>
Less future finance charges	(5,055)
	<u>11,088</u>

Notes (continued)

16 Capital funds

Group and company	Land £'000	Investments £'000	Total £'000
Balance at 1 April 2000	1,525	20	1,545
Net outgoing resources	-	(5)	(5)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2001	1,525	15	1,540
	<hr/>	<hr/>	<hr/>

All funds are permanent in nature.

17 Restricted funds

Group and company	Movement in funds		
	Balance at 1 April 2000 £'000	Incoming resources £'000	Resources expended £'000
			Balance at 31 March 2001 £'000
Millennium Commission	13,167	2,243	(1,251)
European Regional Development Fund	4,013	1,111	-
Welsh Development Agency	1,349	205	-
Wales Tourist Board	300	455	-
Other sources	1,498	612	(182)
	<hr/>	<hr/>	<hr/>
	20,327	4,626	(1,433)
	<hr/>	<hr/>	<hr/>
			23,520

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

18 Unrestricted funds

Group and company	2001 £'000	2000 £'000
Balance at beginning of year	1,236	1,626
Net outgoing resources	(737)	(390)
	<hr/>	<hr/>
Balance at end of year	499	1,236
	<hr/>	<hr/>

Notes *(continued)*

19 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Capital funds	2001	2000
	£'000	£'000	£'000	£'000	£'000
Fixed assets	-	28,334	1,525	29,859	24,476
Investments	8,295	-	15	8,310	20
Net current assets/(liabilities)	2,305	(4,814)	-	(2,509)	(1,388)
Creditors: amounts due after more than one year	(10,101)	-	-	(10,101)	-
	<u>499</u>	<u>23,520</u>	<u>1,540</u>	<u>25,559</u>	<u>23,108</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.

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

	2001 £'000	2000 £'000
Net incoming resources	2,456	2,388
Non-cash gifts of assets and services of a capital nature	(224)	(282)
Net cash incoming resources	<u>2,232</u>	<u>2,106</u>
Interest receivable	(11)	(7)
Interest payable	446	11
Operating surplus	<u>2,667</u>	<u>2,110</u>
Depreciation	1,068	73
Movement in stock	(67)	-
Movement in debtors	214	(173)
Movement in grant receivable	753	(169)
Movement in creditors	(832)	846
Net cash inflow from operating activities	<u>3,803</u>	<u>2,687</u>

Notes (continued)

21 Reconciliation of net cash flow to movement in net debt

	Note	2001 £'000	2000 £'000
Increase/(decrease) in cash in the year		8,289	(1,197)
Cash flow from advance of finance lease		(11,126)	-
Cash flow from repayment of finance lease		38	-
Cash flow from repayment of short term loan		21	-
		<hr/>	<hr/>
Change in net debt		(2,778)	(1,197)
Net debt brought forward	22	(982)	215
		<hr/>	<hr/>
Net debt carried forward	22	(3,760)	(982)
		<hr/>	<hr/>

22 Analysis of changes in net debt

	Cash at bank £'000	Bank overdraft £'000	Cash deposit £'000	Loans £'000	Finance lease £'000	Total £'000
At 31 March 1999	236	-	-	(21)	-	215
Cash flow	(224)	(973)	-	-	-	(1,197)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	12	(973)	-	(21)	-	(982)
Cash flow	11	(17)	8,295	21	38	8,348
Other movement	-	-	-	-	(11,126)	(11,126)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	23	(990)	8,295	-	(11,088)	(3,760)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

23 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 2001 was 28 (2000: 28).

24 Non cash transactions

During the year £224,000 (2000: £333,000) of services and assets were gifted to the charity.

Notes *(continued)*

25 Contingencies

There were no material contingent liabilities at 31 March 2001 (*2000: £Nil*).

26 Capital commitments

	2001	2000
	£'000	£'000
Authorised and contracts placed	2,814	1,963