

Techniquet (Limited by Guarantee)

**Council of Management's report and
consolidated financial statements**

Registered company number 1955696

Registered charity number 517722

31 July 2001



Contents

Officials, advisers and administrative details	1
Council of Management's report	2
Statement of the members of the Council of Management's responsibilities	4
Independent auditors' report to the members of the Council of Management of Techniquet (Limited by Guarantee)	5
Consolidated statement of financial activities	6
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes	11

Officials, advisers and administrative details

Council of management

RTF Plaut CBE BSc (Eng) CEng FIMechE CIMgt

RG Thomas OBE LLB CIMgt

Professor RH Williams FRS

DPL Davies FCA (retired 21 January 2001)

A Thomas FCA (appointed 1 February 2001)

J McDowall (appointed 25 July 2001)

Secretary

AR Edwards

Auditors

KPMG

Marlborough House

Fitzalan Court

Fitzalan Road

Cardiff

CF24 0TE

Solicitors

Eversheds

Fitzalan House

Fitzalan Court

Fitzalan Road

Cardiff

CF24 0XZ

Bankers

HSBC Bank Plc

97 Bute Street

Cardiff

CF10 5NA

Registered office

Stuart Street

Cardiff

CF10 5BW

Council of Management's report

The Council of Management, who act as directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 July 2001.

Constitution

Techniquist is a company limited by guarantee and a registered charity. Its governing instrument is the Memorandum and Articles of Association dated 7 November 1985 as amended on 23 July 1986, 10 November 1993 and 21 March 2001.

The charitable company has one wholly owned subsidiary undertaking, Techniquist Enterprises Limited. The principal activity of Techniquist Enterprises Limited is the marketing and retailing of goods and services at Techniquist and the sale and leasing of exhibits.

Principal activity and objectives

The principal activity of the charity is to promote the advancement of education and improve the public perception of science and technology by establishing permanent and temporary interactive exhibitions, together with supporting educational programmes.

Business review

During the year Techniquist attracted 194,503 visitors to its science discovery centre in Cardiff Bay. In addition, a further 220,000 people visited other exhibitions provided in the UK by Techniquist, and the exhibitions staged overseas drew an additional 95,000 people. Well supported education programmes were a key feature of all these visits.

The consolidated results for the year are shown in the attached financial statements and a summary of the financial results is set out below.

The published surplus of £18,811 was particularly pleasing since operating conditions presented a number of challenges. Among these challenges were the competitive pressures from the abolition of entry charges to national museums, the opening of two Millennium Commission funded attractions and the movement restrictions arising from the Foot and Mouth outbreak. Techniquist attained the Charter Mark in December 2000.

Critical to the financial viability of Techniquist is the ability to generate revenues and to plan and rigorously control the expenditure of funds. During the year grants for a variety of projects was achieved and a large number of innovative enterprises were completed successfully. Continual planning and monitoring of expenditure took place during the year which resulted in the effective utilisation of limited resources.

The financial results of the trading subsidiary, Techniquist Enterprises Limited, yielded a satisfactory net profit margin of 8% prior to the charitable donation to Techniquist. Continuing efforts were made during the year to shape the business around prevailing market conditions and to offer, in the case of the exhibit manufacturing and hire business, a superior product.

Techniquist Enterprises Limited provides essential services to Techniquist. By making specialist workshop facilities available commercially, Techniquist Enterprises Limited is able to provide both economically costed and timely services (such as exhibit manufacture and servicing, and more generally, design and maintenance facilities) to the parent body.

Council of Management's report *(continued)*

Council of Management

The members of the Council of Management are set out on page 1. The liability of each member is limited to £1.

Members of the Council of Management are appointed or removed by resolution of the Council, confirmed at the Annual General Meeting.

Dividend

The payment of a dividend or any other distribution to members is not permitted under the terms of Techniquet's Memorandum of Association.

Reserves policy

The reserves policy is to retain in cash a sum broadly equal to three months of the Charity's operating expenses.

Risk management

The major risks to which the Charity is exposed, as identified by the Council of Management, have been, and are continually being reviewed and systems have been established to mitigate those risks.

The charity has established an audit committee during the year comprising one member of the Council of Management and two external members.

Tax status

As Techniquet is a registered charity no provision has been made for taxation, however Techniquet Enterprises Limited's trading profits are subject to taxation.

Auditors

A resolution for the reappointment of KPMG as auditors of the group will be proposed at the forthcoming Annual General Meeting.

By order of the Council of Management


R.G. THOMAS
Council Member

Stuart Street
Cardiff
CF10 5BW

24 JANUARY 2002

Statement of the members of the Council of Management's responsibilities

Law applicable to incorporated charities in England and Wales requires the members (who are also 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 members 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 members 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 general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



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

Independent auditors' report to the members of the Council of Management of Techniquet (Limited by Guarantee)

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of the members of the Council of Management and auditors

As described on page 4, the members of the Council of Management who are also the directors of Techniquet (Limited by Guarantee) for the purposes of company law, are responsible for preparing the Council of Management's report and, as described on page 4, 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 Council of Management's 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.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members of the Council of Management 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 July 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.


Chartered Accountants
Registered Auditors

21 Februry

2002

Consolidated statement of financial activities
(incorporating an income and expenditure account)
for the year ended 31 July 2001

	Note	Restricted funds £	Unrestricted funds £	Total 2001 £	Total 2000 £
Incoming resources					
Donations and sponsorship		-	-	-	1,249
Activities in furtherance of the charity's objects:					
Admission fees		-	503,548	503,548	515,303
Grants	2	441,450	600,000	1,041,450	1,041,414
Activities for generating funds:					
Shop and cafe		-	183,315	183,315	162,502
Workshop sales		-	500,477	500,477	970,513
Interest receivable		-	33,507	33,507	24,773
Other income	3	-	17,631	17,631	12,880
Total incoming resources		441,450	1,838,478	2,279,928	2,728,634
Resources expended					
Costs of generating funds:					
Shop and cafe		-	89,146	89,146	143,358
Workshop		441,450	94,457	535,907	1,032,391
Costs of activities in furtherance of the charity's objects	4	-	1,636,064	1,636,064	1,712,376
Total resources expended		441,450	1,819,667	2,261,117	2,888,125
Net incoming/(outgoing) resources before taxation	6	-	18,811	18,811	(159,491)
Taxation		-	-	-	(3,200)
Net incoming/(outgoing) resources after taxation		-	18,811	18,811	(162,691)
Fund balances brought forward		-	749,211	749,211	911,902
Fund balances carried forward		-	768,022	768,022	749,211

Statement of reserves

	Restricted capital funds £	Unrestricted general funds £	Unrestricted designated funds £	Total £
Balance at 1 August 2000	-	199,211	550,000	749,211
Net incoming resources for the year	-	18,811	-	18,811
Balance at 31 July 2001	-	218,022	550,000	768,022

Consolidated statement of financial activities
(incorporating an income and expenditure account)
for the year ended 31 July 2001 (continued)

Incoming resources and net incoming/(outgoing) resources relate entirely to continuing operations.

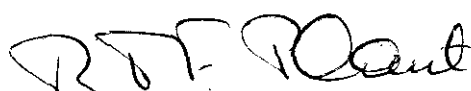
There are no recognised gains or losses in the year other than those passing through the income and expenditure account.

The surplus/(deficit) for the year for Companies Act purposes equals the net incoming/(outgoing) reserves for the year of £18,811 (2000: £162,691).

Consolidated balance sheet
at 31 July 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	9	118,347	89,122
Current assets			
Stock	10	81,849	45,056
Debtors	11	196,648	233,197
Cash at bank and in hand		713,752	735,136
		<u>992,249</u>	<u>1,013,389</u>
Creditors: amounts falling due within one year	12	<u>(342,574)</u>	<u>(353,300)</u>
Net current assets		<u>649,675</u>	<u>660,089</u>
Net assets		<u>768,022</u>	<u>749,211</u>
Income funds			
Unrestricted funds:			
General funds	13	218,022	199,211
Designated funds	13	550,000	550,000
	14	<u>768,022</u>	<u>749,211</u>


These financial statements were approved by the Council of Management on 24th January 2002 and were signed on its behalf by:


RTF PLANT
Council member

Company balance sheet
at 31 July 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	9	121,645	48,804
Investment	18	2	2
		<hr/>	<hr/>
		121,647	48,806
Current assets			
Stock	10	58,142	1,377
Debtors	11	239,274	310,565
Cash at bank and in hand		617,347	643,913
		<hr/>	<hr/>
		914,763	955,855
Creditors: amounts falling due within one year	12	(304,980)	(297,474)
		<hr/>	<hr/>
Net current assets		609,783	658,381
		<hr/>	<hr/>
Net assets		731,430	707,187
		<hr/>	<hr/>
Income funds			
Unrestricted funds:			
General funds	13	181,430	157,187
Designated funds	13	550,000	550,000
		<hr/>	<hr/>
	14	731,430	707,187
		<hr/>	<hr/>

These financial statements were approved by the Council of Management on 24th January 2002 and were signed on its behalf by:



R. F. PLAUT
Council member

Consolidated cash flow statement for the year ended 31 July 2001

Reconciliation of net outgoing resources to cash flow from operating activities

	2001 £	2000 £
Operating results	18,811	(159,491)
Interest receivable	(33,507)	(24,773)
Net outgoing resources excluding interest	(14,696)	(184,264)
Depreciation charge	78,420	489,805
(Increase)/decrease in stocks	(36,793)	14,534
Decrease/(increase) in debtors	59,374	(117,375)
(Decrease)/increase in creditors	(34,599)	9,937
Net cash inflow from operating activities	51,706	212,637

Cash flow statement

	Note	2001 £	2000 £
Cash inflow from operating activities		51,706	212,637
Returns on investment and servicing of finance:			
Bank interest received		37,755	19,869
Taxation paid		(3,200)	-
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets		(107,645)	(25,144)
(Decrease)/increase in cash in the year		(21,384)	207,362

Reconciliation of net cash flow to movement in liquid funds

	Note	2001 £	2000 £
(Decrease)/increase in cash in the year		(21,384)	207,362
Net liquid funds at beginning of year		735,136	527,774
Net liquid funds at end of year	16	713,752	735,136

Notes

(forming part of the financial statements)

1 Principal accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention modified to include the Council of Management's estimated valuation of certain exhibits of machinery and equipment, which have been donated by supporters of Techniquet. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities, published in October 2000.

The charity has taken advantage of Section 230 of the Companies Act 1985 and paragraph 304 of the Statement of Recommended Practice and not presented a separate statement of financial activities for the charity alone.

Depreciation and amortisation

The cost or valuation of tangible fixed assets is written off by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	20% per annum
Plant, machinery and equipment	-	20-25% per annum
Fixtures, fittings and equipment	-	20-33% per annum
Exhibits	-	20% per annum
Motor vehicles	-	25% per annum
Workshop exhibits	-	20% per annum
Franchised exhibits	-	over the life of the franchise agreement
Development assets	-	20% per annum

Stock

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

The cost of raw materials is determined on a first in first out basis. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

General funds

The surplus or deficit on the income and expenditure account for the year is transferred to general funds. Where such funds have been set aside for specific purposes, or to meet future commitments, these are classified as designated funds as a separate category of general funds.

Notes (continued)

1 Accounting policies (continued)

Deferred income and grants

Capital grants are included within income as restricted funds in the statement of financial activities and released to unrestricted funds over the estimated useful economic lives of the assets to which they relate.

Grants and donations for specific projects are taken to the income and expenditure account when the related expenditure has been incurred, all other grants are taken to income when received. Income from franchised exhibits is recognised over the lifetime of the agreement.

Taxation

Techniquet is not subject to taxation as it is a registered charity.

Taxation is based on the subsidiary's results 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 for deferred taxation is made only to the extent that it is probable that an actual liability will crystallise.

2 Grants received

	Restricted £	Unrestricted £	2001 £	2000 £
Grant for operating expenses	-	600,000	600,000	600,000
Grant for refurbishment and redevelopment costs	319,971	-	319,971	180,802
Grants for specific projects	121,479	-	121,479	260,612
	<hr/>	<hr/>	<hr/>	<hr/>
	441,450	600,000	1,041,450	1,041,414
	<hr/>	<hr/>	<hr/>	<hr/>

3 Other income

	Restricted £	Unrestricted £	2001 £	2000 £
Consultancy services	-	17,631	17,631	11,317
Sundry income	-	-	-	1,563
	<hr/>	<hr/>	<hr/>	<hr/>
		17,631	17,631	12,880
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

4 Costs of activities in furtherance of charity's objects

	2001 Unrestricted £	2000 £
Establishment	161,621	179,000
Staff costs	1,154,566	771,291
Professional fees	15,927	34,395
Administrative support	149,941	172,815
Travelling	21,165	12,987
Marketing	54,424	52,083
Depreciation	78,420	489,805
	<u>1,636,064</u>	<u>1,712,376</u>

5 Staff numbers and costs

The average number of persons employed by the company during the year was as follows:

	2001	2000
Management	7	6
Administration	10	10
Support	97	90
	<u>114</u>	<u>106</u>

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	1,159,356	1,037,071
Social security costs	91,122	78,278
	<u>1,250,478</u>	<u>1,115,349</u>

No employee earned over £50,000 per annum.

Notes (continued)

6 Taxation

	2001 £	2000 £
UK corporation tax at 20%	-	3,200
	<hr/>	<hr/>

7 Net incoming/(outgoing) resources

	2001 £	2000 £
<i>Net incoming/(outgoing) resources for the financial year are stated after charging</i>		
Depreciation of tangible fixed assets	78,420	489,805
Auditors' remuneration		
- Audit fees	8,500	8,518
- Other	2,794	-
	<hr/>	<hr/>

8 Emoluments of the Council of Management

Members of the Council of Management did not receive any remuneration or expenses during the year under review (2000: £Nil).

Notes (continued)

9 Tangible fixed assets

	Group					Company						
	Motor vehicles	Fixtures fittings and equipment	Plant and machinery	Improvements to leasehold	Exhibits	Total	Motor vehicles	Fixtures fittings and equipment	Plant and machinery	Improvements to leasehold	Exhibits	Total
	£	£	£	£	£	£	£	£	£	£	£	£
Cost												
At 1 August 2000	46,997	223,912	310,459	876,090	1,362,443	2,819,901	46,997	207,457	310,459	876,090	1,137,510	2,578,513
Additions	-	66,854	10,595	-	30,196	107,645	-	64,206	10,595	-	29,889	104,690
Transfer from subsidiary	-	-	-	-	-	-	-	-	-	-	21,962	21,962
At 31 July 2001	46,997	290,766	321,054	876,090	1,392,639	2,927,546	46,997	271,663	321,054	876,090	1,189,361	2,705,165
Depreciation												
At 1 August 2000	46,997	212,317	308,494	836,448	1,326,523	2,730,779	46,997	200,260	308,494	836,448	1,137,510	2,529,709
Charge for year	-	9,479	3,707	39,642	25,592	78,420	-	7,196	3,707	39,642	3,266	53,811
At 31 July 2001	46,997	221,796	312,201	876,090	1,352,115	2,809,199	46,997	207,456	312,201	876,090	1,140,776	2,583,520
Net book value												
At 31 July 2001	-	69,345	8,478	-	40,524	118,347	-	64,207	8,853	-	48,585	121,645
At 1 August 2000	-	11,595	1,965	39,642	35,920	89,122	-	7,197	1,965	39,642	-	48,804

Notes (continued)

10 Stock

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Raw materials	2,067	1,377	2,067	1,377
Work in progress	56,075	15,359	56,075	-
Finished goods	23,707	28,320	-	-
	<u>81,849</u>	<u>45,056</u>	<u>58,142</u>	<u>1,377</u>

11 Debtors

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	71,533	185,164	7,039	14,578
Amounts owed by subsidiary company	-	-	107,169	248,378
Interest receivable	1,969	6,217	1,920	6,217
Other debtors	100,773	16,781	100,773	16,732
Prepayments	22,373	25,035	22,373	24,660
	<u>196,648</u>	<u>233,197</u>	<u>239,274</u>	<u>310,565</u>

12 Creditors: amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade creditors	89,766	147,266	83,295	142,649
Taxation and social security other than corporation tax	47,451	7,181	45,019	-
Other creditors	-	10,000	-	10,000
Accruals	35,770	26,309	32,589	20,112
Deferred income	169,587	159,344	144,077	124,713
Corporation tax	-	3,200	-	-
	<u>342,574</u>	<u>353,300</u>	<u>304,980</u>	<u>297,474</u>

Notes (continued)

13 Analysis of funds

Group	Restricted capital £	Unrestricted general £	Unrestricted designated £	Total £
Balance at 1 August 2000	-	199,211	550,000	749,211
Net incoming resources	-	18,811	-	18,811
Balance at 31 July 2001	-	218,022	550,000	768,022

Company	Restricted capital £	Unrestricted general £	Unrestricted designated £	Total £
Balance at 1 August 2000	-	157,187	550,000	707,187
Net outgoing resources	-	(22,139)	-	(22,139)
Balance at 31 July 2001	-	135,048	550,000	685,048

14 Analysis of net assets between funds

All net assets relate to unrestricted funds.

15 Capital commitments

At 31 July 2001 the company had no capital commitments (2000: £Nil).

16 Analysis of liquid funds

	Cash at bank and in hand £
At 31 July 1999	527,774
Cash flows	207,362
At 31 July 2000	735,136
Cashflows	(21,384)
At 31 July 2001	713,752

Notes (continued)

17 Deferred tax

There is a deferred tax asset of £8,900 (2000: £7,800) which has not been recognised. The deferred tax represents the difference between accumulated depreciation and capital allowances.

18 Subsidiary company

Techniquest has a wholly owned subsidiary, Techniquest Enterprises Limited, which is incorporated in the UK. Techniquest Enterprises Limited markets and retails goods and services at Techniquest's scientific exhibitions and sells and leases exhibits and exhibitions. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is set out below:

	Shop and cafe £	Workshop £	Other £	Total 2001 £	Total 2000 £
Turnover	183,315	335,665	17,631	536,611	874,814
Cost of sales	(89,146)	(182,914)	-	(272,060)	(503,174)
Gross profit	94,169	152,751	17,631	264,551	371,640
Administration expenses	(40,157)	(26,186)	(157,897)	(224,240)	(126,779)
Charitable donation to parent	-	-	(46,382)	(46,382)	(219,861)
Operating (loss)/profit	54,012	126,565	(186,648)	(6,071)	25,000
Interest receivable	-	-	639	639	-
(Loss)/profit for the year	54,012	126,505	(186,009)	(5,432)	25,000

The aggregate of the assets and liabilities was:

	2001 £	2000 £
Assets	189,418	354,291
Liabilities	(144,763)	(304,204)
	44,655	50,087
Share capital	2	2
Profit and loss account	44,653	50,085
	44,655	50,087

19 Related party transactions

The exemption given under Financial Reporting Standard No 8 from the requirement to disclose transactions with related parties where 90% of the voting rights are controlled by the same group has been adopted.