

Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2011

1. ACCOUNTING POLICIES

a) Accounting Convention and Basis of Accounting

The accounts have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005, applicable accounting standards and the Companies Act 2006.

The accounts have been prepared on a going concern basis which assumes that sufficient working capital will be available for operational requirements. The trustees have formed a judgement, at the time of approving the accounts, based on forecasts for a period of twelve months from the date of approval and a strong indication of continued support of the loan creditor, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

b) Group financial statements

These financial statements consolidate the results of the charity and its subsidiaries Magna Enterprises Limited, Magna Education Limited and Magna Property Developments Limited on a line by line basis. A separate Statement of Financial Activities and income and expenditure account for the charity itself are not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

c) Depreciation

Depreciation is provided on tangible assets at the following annual rates calculated to write off the cost less estimated residual value, over their useful economic lives.

Freehold property (excluding land)	4% on cost
Equipment and Exhibition	10% on cost

d) Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price.

e) Incoming Resources

Incoming resources are accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. All incoming resources are accounted for when receivable. Grants for immediate financial support and assistance or to reimburse costs previously incurred are recognised in full in the statement of financial activities. Grants restricted to future accounting periods are deferred and recognised in those future accounting periods. Capital grants are included in full in the statement of financial activities. Where services which would normally be purchased from our suppliers are provided to the charity as a donation, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

f) Commercial trading operations

Income represents amounts derived from the trading activities of the Magna project, excluding value added tax. This includes retail, catering and corporate hire. Trading income is recognised when earned.

g) Resources Expended

Expenditure is charged to the statement of financial activities on an accruals basis, exclusive of VAT.

Costs of generating funds comprise costs associated with fundraising, rental income, finance lease charges relating to the lease and leaseback arrangement and costs of commercial trading operations.

Charitable expenditure comprises those costs incurred in the operation of the visitor attraction, including both direct and support costs.

Governance costs include those costs associated with meeting constitutional and statutory requirements. All support costs are allocated to charitable expenditure.