

07/05

British Mensa Limited

Report and Financial Statements

Year Ended

31 December 2004



BDO
BDO Stoy Hayward
Chartered Accountants

British Mensa Limited

Annual report and financial statements for the year ended 31 December 2004

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Income and expenditure account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

DE Coates
CJ Leek
PJ Baimbridge
S Herbert
G Hopkins
C Rhodes
J Quint
JL Paines
GK Owens

Secretary and registered office

JL Stevenage, St. John's House, St. John's Square, Wolverhampton, West Midlands, WV2 4AH

Company number

971663

Auditors

BDO Stoy Hayward LLP, Mander House, Wolverhampton, West Midlands, WV1 3NF

British Mensa Limited

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results

The income and expenditure account is set out on page 5 and shows the deficit for the year.

Principal activities

The principal activities of British Mensa Limited (The High IQ Society) as detailed in its constitution are;

- To identify & foster human intelligence.
- To encourage research into intelligence.
- To provide a stimulating intellectual and social environment for its members.

The Directors are disappointed with the financial results. Several factors are involved, including lower than anticipated testing income and new member subscriptions. There were also additional legal costs due to the Carlton settlement.

We confirm that the Carlton matter is now concluded and the Directors are working to implement new initiatives to improve income from testing and new membership and to save costs in other areas.

Directors

The directors of the company during the year were:

PW Boswell	(retired by rotation 31 July 2004)
DE Coates	
CJ Leek	
PF Ford	(resigned 27 July 2004)
PJ Baimbridge	
S Herbert	
C O'Beara	(retired by rotation 31 July 2004)
G Hopkins	
G Metcalf	(resigned 25 March 2004)
C Rhodes	(appointed 12 September 2004)
J Quint	(appointed 20 September 2004)
JL Paines	(appointed 31 July 2004)
GK Owens	(appointed 31 July 2004)

No director had any beneficial interest in the share capital of the company nor in the shares of its subsidiary undertaking.

The directors who retire by rotation are CJ Leek, C Rhodes and J Quint who are eligible for re-election.

Report of the directors for the year ended 31 December 2004 (Continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

S Herbert



Chairman

Date: 12/3/05

To the members of British Mensa Limited

We have audited the financial statements of British Mensa Limited for the year ended 31 December 2004 on pages 5 to 16 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

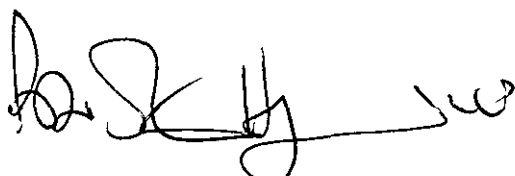
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Wolverhampton*

Date: 30 May 2005

British Mensa Limited**Income and expenditure account for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	2	861,397	949,551
Administrative expenses		<u>1,001,228</u>	<u>985,031</u>
Operating deficit	3	(139,831)	(35,480)
Other interest receivable and similar income	5	10,958	12,127
Interest payable and similar charges	6	<u>(14)</u>	<u>-</u>
Deficit for the year before taxation		(128,887)	(23,353)
Taxation on deficit on ordinary activities	7	<u>(1,100)</u>	<u>(14)</u>
Deficit on ordinary activities after taxation		(129,987)	(23,367)

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the income and expenditure account.

The notes on pages 7 to 16 form part of these financial statements.

British Mensa Limited

Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	8		31,072		15,052
Fixed asset investments	9		100		100
			31,172		15,152
Current assets					
Stocks		2,000		2,192	
Debtors	10	65,823		93,111	
Investments	11	230,287		222,668	
Cash at bank and in hand		31,242		153,081	
		329,352		471,052	
Creditors: amounts falling due within one year	12	133,442		129,135	
Net current assets			195,910		341,917
Total assets less current liabilities			227,082		357,069
Capital and reserves					
Training & Development Fund	14		9,905		9,905
Gifted Children Fund	14		10,693		10,718
Intellectual Activity Fund	14		8,977		8,999
Accumulated fund	14		197,507		327,447
Members' funds			227,082		357,069

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 12th March 2005

D E Coates
Director



The notes on pages 7 to 16 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Turnover

Turnover represents the total amount receivable by the company in the ordinary course of business, for goods supplied and services provided less returns. It excludes value added tax and components collected with members' subscriptions and accounted for to Mensa International Limited at the rate prevailing at the time.

Subscriptions are recognised in the income and expenditure account in full when the money is received.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	- 20% per annum on cost
Computer equipment	- 33% per annum on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the income and expenditure account.

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

Contributions to the group's/company's defined contribution pension scheme are charged to the income and expenditure account in the period in which they become payable.

Taxation

Payment is made for corporation tax group relief between group undertakings where appropriate.

Operating leases

Annual rentals are charged to the income and expenditure account on a straight line basis over the term of the lease.

Special interest groups

Money received for special interest groups to the extent to which it has not been expended is treated as refundable and included in creditors.

Designated reserves

Training and development fund	To establish and develop training programmes for officers of Mensa to assist them to carry out their duties professionally and efficiently.
Gifted children fund	To be used for establishing, developing or supporting programmes for gifted children.
Intellectual activity fund	To develop a programme of lectures and seminars for members.

2 Turnover

Turnover is wholly attributable to the principal activity of the company.

The percentage of turnover that is attributable to markets outside the United Kingdom is 1.6% (2003 - 1.3%).

	2004 £	2003 £
Analysis by market:		
Subscriptions:		
Standard rate	757,679	790,645
Reduced rate	47,626	47,238
Joint members	30,935	32,410
	836,240	870,293
VAT	(54,707)	(56,935)
International component	(57,500)	(41,505)
	724,033	771,853
Testing income	54,222	81,965
Mensa events	75,662	86,497
Advertising	4,770	6,474
Sundries	2,710	2,762
	861,397	949,551

3 Operating deficit

	2004 £	2003 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	11,771	10,503
Profit on disposal of tangible fixed assets	(1,599)	-
Hire of other assets - operating leases	37,524	36,896
Auditors remuneration	6,500	7,500
	<u> </u>	<u> </u>

4 Directors' remuneration

No director received any emoluments during the current year (2003 - £nil).

5 Other interest receivable and similar income

	2004 £	2003 £
Bank deposits	10,958	12,127
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2004 £	2003 £
Bank loans and overdrafts	14	-
	<u> </u>	<u> </u>

7 Taxation on deficit on ordinary activities

	2004 £	2003 £
<i>UK Corporation tax</i>		
Current tax on surplus of the year	1,100	-
Adjustment in respect of previous years	-	14
	<u>1,100</u>	<u>14</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Deficit on ordinary activities before tax	(128,887)	(23,353)
	<u>(128,887)</u>	<u>(23,353)</u>
Deficit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2003 - 19%)	(24,489)	(4,437)
Effect of:		
Income not taxable	26,539	6,741
Group relief	-	(1,354)
Adjustment to tax charge in respect of previous years	-	14
Tax credits	(950)	(950)
	<u>(2,900)</u>	<u>(1,549)</u>
Current tax charge for year	<u>1,100</u>	<u>14</u>

8 Tangible fixed assets

	Plant and machinery etc £
<i>Cost or valuation</i>	
At 1 January 2004	243,340
Additions	28,666
Disposals	(176,780)
At 31 December 2004	95,226
<i>Depreciation</i>	
At 1 January 2004	228,288
Provided for the year	11,771
Disposals	(175,905)
At 31 December 2004	64,154
<i>Net book value</i>	
At 31 December 2004	31,072
At 31 December 2003	15,052

9 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 January 2004 and 31 December 2004	100
	<u> </u>

Subsidiary undertaking

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	Proportion of share capital held
Mensa Publications Limited	Ordinary	100%

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 31 December 2004:

	Aggregate share capital and reserves		Loss for the year	
	2004	2003	2004	2003
	£	£	£	£
Mensa Publications Limited	114	11,486	(11,372)	(13,793)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Debtors

	2004 £	2003 £
Trade debtors	2,029	1,147
Amounts owed by group undertakings	22,375	43,773
Other debtors	41,419	48,191
	<u>65,823</u>	<u>93,111</u>

All amounts shown under debtors fall due for payment within one year.

11 Current asset investments

	2004 £	2003 £
Other investments	230,287	222,668
	<u>230,287</u>	<u>222,668</u>

The above relates to monies held on deposit on 30 day call. The monies held on investment are the proceeds of the sale of the original Mensa House plus interest. These monies are held in a separate account and are earmarked for use at the discretion of the Board for potential acquisition of office premises or other purposes.

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	47,901	53,572
Taxation and social security	14,450	23,450
Other creditors	71,091	52,113
	<u>133,442</u>	<u>129,135</u>

13 Liability of members

Each member of the company undertakes to contribute to the assets of the company on a winding up such amount as may be required not exceeding £1.

The number of members at 31 December 2004 was 25,413 (2003 - 26,153).

The company may not distribute its reserves to its members and, as a result, there are no equity interests in the company.

14 Reserves

	Training & Development Fund £	Gifted Children Fund £	Intellectual Activity Fund £	Accumulated Fund £
At 1 January 2004	9,905	10,718	8,999	327,447
Deficit for the year	-	-	-	(129,987)
Allocations made in the year	-	(25)	(22)	47
At 31 December 2004	9,905	10,693	8,977	197,507

15 Contingent liabilities

British Mensa Limited has agreed to provide financial support as necessary to enable its subsidiary undertaking, Mensa Publications Limited, to continue to trade as a going concern. At 31 December 2004, Mensa Publications Limited had shareholder funds of £114.

16 Pensions

The company 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 pension charge represents contributions payable by the company to the fund and amounted to £5,185 (2003 - £4,591). Contributions amounting to £nil (2003 - £1,283) were payable to the fund and are included in creditors.

17 Related party disclosures*Related party transactions and balances*

Recharges for general administrative services of £64,549 (2003 - £65,196) were made to Mensa Publications Limited during the year. At 31 December 2004 the company was owed £22,375 (2003 - £43,733) by Mensa Publications Limited.

18 Capital commitments

As at 31 December 2004, the company had no capital commitments (2003 - £nil).

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2004 Land and buildings £	2004 Other £	2003 Land and buildings £	2003 Other £
Operating leases which expire:				
Within one year	-	-	-	2,164
In two to five years	-	17,813	-	14,680
After five years	17,500	-	36,980	-
	<u>17,500</u>	<u>17,813</u>	<u>36,980</u>	<u>16,844</u>
	<u><u>17,500</u></u>	<u><u>17,813</u></u>	<u><u>36,980</u></u>	<u><u>16,844</u></u>

20 Salaries and fees

	2004 £	2003 £
Salaries of senior management	152,480	133,807
Fees paid for magazine contract	29,400	27,300
	<u>181,880</u>	<u>161,107</u>
	<u><u>181,880</u></u>	<u><u>161,107</u></u>

Senior management is defined as the Chief Executive, Accounts Manager, Communications Manager, Marketing Manager and Membership Secretary.

Salaries and fees are included in administrative expenses.