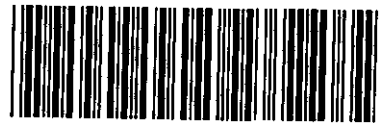


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NATURAL RESEARCH LIMITED  
GROUP FINANCIAL STATEMENTS  
Year to 28th February 2006

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NATURAL RESEARCH LIMITED  
GROUP FINANCIAL STATEMENTS  
Year to 28th February 2006

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NATURAL RESEARCH LIMITEDLEGAL AND ADMINISTRATIVE INFORMATION

CHARITY NAME: Natural Research Limited

LEGAL STATUS: Company limited by guarantee

SCOTTISH CHARITY REF: SC030363

COMPANY NUMBER: SC209393

OPERATIONAL ADDRESS: Banchory Business Centre,  
Burn O'Bennie Road,  
Banchory  
AB31 5ZU

REGISTERED OFFICE: 8 Charlotte Street,  
Perth,  
PH1 5LL

TRUSTEES & DIRECTORS: Dr M. Madders  
Dr M.J. McGrady  
P.K. Stirling-Aird MBE  
Dr Carole A. Bainbridge

MANAGING DIRECTOR: Dr M McGrady

COMPANY SECRETARY: Elliot & Company, W. S.  
8 Charlotte Street,  
Perth,  
PH1 5LL

AUDITORS: Bird Simpson & Co,  
144 Nethergate,  
Dundee,  
DD1 4EB

SOLICITORS: Elliot & Company, W. S.  
8 Charlotte Street,  
Perth,  
PH1 5LL

BANKERS: The Royal Bank of Scotland,  
Bowmore,  
Isle of Islay,  
PA43 7JJ

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT

The Directors submit their Report and Group Financial Statements for the year to 28<sup>th</sup> February 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by law to prepare accounts which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial period and of the surplus or deficit of the Company and Group for that period. In preparing those financial statements, they are required to;

- ensure that appropriate accounting policies have been used and applied consistently;
- ensure that reasonable and prudent judgements and estimates have been made;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

They are also responsible for maintaining adequate 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 ensuring that the appropriate procedures have been followed to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current UK statutory requirements, the memorandum and articles of association, the Companies Act 1985 and the Statement of Recommended Practice - Accounting and Reporting by Charities 2005 (SORP 2005).

STRUCTURE, GOVERNANCE & MANAGEMENT

The Charity is constituted as a company limited by guarantee and is, therefore, governed by a Memorandum and Articles of Association.

The Directors of the charitable company are its trustees for the purposes of charity law. At 28<sup>th</sup> February 2006 there were 4 directors, all being members of the Company.

No person shall be admitted to membership of the Company unless he is approved by the directors. At 28<sup>th</sup> February 2006 there were four members, the liability of each being limited to £1.

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT (continued)Governance and Decision-making

The minimum number of directors is two, and there is no maximum number. This can be altered from time to time by ordinary resolution. One third of the directors are required to retire by rotation at each annual general meeting and as such are eligible for re-election. New directors are appointed by ordinary resolution.

The Board of Directors, who are in regular contact, administer the charity. Day to day management of the company is delegated to the Managing Director and his management team and he reports to the Board on performance.

The company's directors are also directors of its trading subsidiary, Natural Research (Projects) Limited.

Directors Induction and Training

The current directors have been involved with the company for several years and therefore induction training has not currently been an issue. Advice is taken on matters of a technical nature as and when required from the company's professional advisors.

Risk Management

During the year the directors have reviewed the group's activities looking at the opportunities available to the companies as well as establishing the risks to which each is exposed. Two key risk areas have been identified, People Issues and Data Issues. Within these areas there are a number of risks to the group and the directors are currently addressing these and establishing procedures to mitigate these risks.

OBJECTIVES OF THE CHARITY

The Charity conducts research into natural resources and wildlife internationally. It further endeavours to enhance the education of the public by disseminating the results of such research.

The company's trading subsidiary, Natural Research (Projects) Limited is also involved in natural resources and wildlife but on a commercial level. Its trade involves undertaking consultancy work and advising on the environmental and ecological impact of industrial and commercial developments.

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT (continued)OBJECTIVES (Continued)

Both companies provide high quality objective research capabilities. The funds generated by the subsidiary company are transferred to the charity to help fund its research projects. In addition to this internal group funding, outside funding is actively sought for specific projects to be undertaken.

The main purpose of the charity is to fund research projects whose results will support the wise management of wildlife resources. The projects are often carried out in conjunction with other research and conservation agencies, individuals and government departments. The projects are based both within the UK and abroad.

The charity currently has over thirty projects that it is supporting. The directors oversee them to ensure that each is making satisfactory progress towards its own specific outputs, which include the publication of research papers, production of reports, provision of training to researchers etc. However, the main aim of the charity is to produce peer-reviewed publications from the research so that the results can be widely accessible to other researchers and wildlife managers.

Detailed information on all the charity's projects is recorded in the Research Report 2006 which can be obtained on request from the registered office.

The charity has not yet issued any grants. A policy on this is currently being formulated for the future.

ACHIEVEMENT AND PERFORMANCE

Despite the fact that the charity is relatively new it has successfully built up an excellent reputation for producing high quality research. The charity's principal researchers are highly regarded by their peers as they have a strong foundation in practical and academic research and publication.

The directors are satisfied that the wide variety of projects undertaken are progressing well and achieving their chosen objectives.

NATURAL RESEARCH LIMITED  
THE DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

The Group generated a surplus of £279,916 (2005 deficit £18,837) in the year made up as follows;

	<u>2006</u>	<u>2005</u>
Natural Research Ltd	£171,830	£49,190
Natural Research (Projects) Ltd	<u>108,086</u>	<u>(68,027)</u>
	279,916	(18,837)
	=====	=====

The directors acknowledge that for efficient running of the charity a level of reserves should be built up to assist in its cash flow. Reserves should also allow the charity to survive any failures in its earning capability or unforeseen costs which have not been identified by the above risk analysis.

The directors have agreed that reserves should be built up to a minimum level of between 6-12 months operating expenditure for this purpose.

Principal funding sources

A donation of £208,644 was received by the charity during the year from the subsidiary company, of which £205,644 was unrestricted. In addition to this £125,000 was received after the year-end from the subsidiary.

PLANS FOR THE FUTURE

Due to the nature of the charity's research, many of the projects run over several years. The charity therefore intends to continue with those projects already started, as well as endeavouring to add new projects.

The directors are aware that to sustain the charity and reduce the dependency upon its subsidiary company it will have to continue to obtain and increase the level of outside sources of funding.

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT (continued)GOING CONCERN

The Directors have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and have, thereafter used the going concern basis in preparing the financial statements.

INVESTMENT POLICY

At present all the charity's funds are required for cash flow purposes and are therefore kept in bank accounts for immediate access. This policy will be reviewed once excess funds are available.

DIRECTORS

The Directors who served the company during the year are as follows:

Dr M. Madders  
Dr. M.J. McGrady  
P.K. Stirling-Aird MBE  
Dr. C Bainbridge

In accordance with the Articles of Association Dr. M.J. McGrady retires at the Annual General Meeting and is eligible for re-election.

AUDITORS

A resolution for the re-appointment of Messrs Bird Simpson & Co., Chartered Accountants, as auditors, is to be proposed at the forthcoming Annual General Meeting in terms of Section 384 of the Companies Act 1985.

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

Approved by the Board of Directors  
and signed on its behalf by:



Elliot & Company, W.S., Secretaries.

28 Feb 07

Date



NATURAL RESEARCH LIMITEDINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATURAL RESEARCH LIMITED

We have audited the group financial statements on pages 9 to 22 of Natural Research Limited for the year ended 28th February 2006. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, or this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors who are also the trustees of Natural Research Limited for the purposes of charity law, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and the Charities Accounts (Scotland) Regulations 1992. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group 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.

Basis of Audit Opinion

We have conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

NATURAL RESEARCH LIMITED  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NATURAL RESEARCH LIMITED (continued)

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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Smaller Entities, in the circumstances set out in note 14 to the financial statements.

Opinion

In our opinion, the financial statements;

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the group and the charitable company's affairs as at 28th February 2006 and of its incoming resources and application of resources, including its income and expenditure, in for the year then ended;
- the information in the Directors Report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985 and the Charities Accounts (Scotland) Regulations 1992

*Bird Simpson & Co*

Bird Simpson & Co  
Chartered Accountants  
and Registered Auditors  
Dundee

Date

*1st March, 2007.*

NATURAL RESEARCH LIMITEDCONSOLIDATED INCOME & EXPENDITURE ACCOUNTFor the year ended 28th February 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
<u>INCOME</u>			
Donations, Grants & Sponsorship	3.1	43,378	13,313
Commercial trading operations	3.2	986,974	562,273
Interest	3.3	2,061	1,960
		<hr/>	<hr/>
		1,032,413	577,546
<u>EXPENDITURE</u>			
Research Expenses	4.1	77,409	56,980
Administrative Expenses	4.2	143,127	148,129
Commercial Trading Expenses	4.3	532,955	392,101
		<hr/>	<hr/>
		753,491	597,210
Surplus/(Deficit) on ordinary activities before taxation	5	<hr/>	<hr/>
		278,922	(19,664)
Tax on surplus on commercial activities	6	(994)	(827)
		<hr/>	<hr/>
Surplus/(Deficit) on ordinary activities after taxation		279,916	(18,837)
Transfer (to)/from reserves		(279,916)	18,837
		<hr/>	<hr/>
		-	-
		=====	=====

The group has no gains or losses other than the results shown for the year.  
The turnover and reported results are in respect of continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

NATURAL RESEARCH LIMITED  
CONSOLIDATED & CHARITY BALANCE SHEET  
As at 28th February 2005

	<u>Notes</u>	<u>2006</u>	<u>Group</u> <u>2005</u>	<u>Charity</u> <u>2006</u>	<u>2005</u> <u>£</u>
<b><u>FIXED ASSETS</u></b>					
Tangible Assets	7	32,907	28,145	-	-
Investment	8	-	-	1	1
		<u>32,907</u>	<u>28,145</u>	<u>1</u>	<u>1</u>
		=====	=====	=====	=====
<b><u>CURRENT ASSETS</u></b>					
Debtors	9	368,383	214,588	30,822	20,540
Cash at bank		258,630	64,848	208,563	38,249
		<u>627,013</u>	<u>279,436</u>	<u>239,385</u>	<u>58,789</u>
<b><u>CURRENT LIABILITIES</u></b>					
Creditors due within one year	10	138,516	65,099	8,766	-
		<u>488,497</u>	<u>214,337</u>	<u>230,619</u>	<u>58,789</u>
<b><u>NET CURRENT ASSETS/(LIABILITIES)</u></b>					
		<u>521,404</u>	<u>242,482</u>	<u>230,620</u>	<u>58,790</u>
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>					
Provisions for liabilities and charges	11	-	994	-	-
		<u>521,404</u>	<u>241,488</u>	<u>230,620</u>	<u>58,790</u>
		=====	=====	=====	=====
<b><u>Represented by:</u></b>					
Restricted Funds	12	27,263	4,955	27,263	4,955
Unrestricted Funds		494,141	236,533	203,357	53,835
		<u>521,404</u>	<u>241,488</u>	<u>230,620</u>	<u>58,790</u>
<b><u>TOTAL FUNDS</u></b>					
	13	<u>521,404</u>	<u>241,488</u>	<u>230,620</u>	<u>58,790</u>
		=====	=====	=====	=====

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

Approved and authorised for issue by the Board of Directors  
and signed on its behalf by:

.....  
Michael J. H. Brady  
Director

.....  
28 Feb 2007  
Date

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTSAt 28th February 2006**1. ACCOUNTING POLICIES****1.1 Accounting Basis**

The financial statements have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective January 2005), the Charities Accounts (Scotland) Regulations 1992 and the Companies Act 1985.

**1.2 Group Accounts**

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Natural Research (Projects) Limited on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 230 of the Companies Act 1985 and paragraph 426 of SORP 2005.

**1.3 Going Concern**

The going concern concept has been used in preparing these accounts.

**1.4 Incoming Resources**

All income is recognised when the conditions for receipt have been met, and there is a reasonable assurance of receipt. In particular the following policies are used;

Donations are included in the year in which they are receivable, which is when the charity becomes entitled to the resource with reasonable certainty and it can be measured reliably.

Grants are credited in the year to which they relate.

Sponsorship and other forms of assistance towards running a particular event are credited to the period in which the event occurred.

Investment income and rental income is included in the year in which it is receivable.

Gifts and donated services and facilities are not incorporated into these financial statements. These amounts are disclosed as a note in the accounts.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2006**1.5**      Resources Expended

Resources expended are included on an accruals basis and have been allocated on the basis indicated below.

Costs of generating voluntary income comprise of the costs incurred in inducing others to make gifts to the charity that are voluntary income.

Costs allocated to fundraising and trading are those costs incurred on non-charitable activities undertaken to generate funds for use by the charity.

Investment management costs are the costs of administering the investments held.

Costs of charitable activity comprise all the resources applied by the charity in undertaking its work to meet its charitable objectives.

Research expenditure is where possible, allocated to the restricted fund to which it relates. Research expenditure of a general nature is allocated to unrestricted funds.

Administration costs are the indirect costs which support all of the charity's activities.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activities.

Where possible costs are allocated directly to one of the above headings. Otherwise costs are allocated between the headings with reference to the areas utilised and time spent on these activities.

**1.6**      Foreign Currencies

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction.

Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year-end.

**1.7**      Taxation

The income of the charity is exempt from charge to tax in accordance with the provision of the Income and Corporation Taxes Act 1988. The subsidiary company is taxable in the normal way.

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2006**1.8 Fixed Assets**

Additions to fixed assets costing more than £1,000 are capitalised and included at cost. Where fixed assets are funded by Capital Grants, the assets are capitalised and the cost reduced by the amount of grant received.

**Depreciation**

Depreciation is provided at a rate calculated to write off cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fixtures & Fittings	- 20%	Straight Line
Computer Equipment	- 33 <sup>1</sup> / <sub>3</sub> %	Straight Line

**1.9 Investments**

Investments are stated at cost.

**1.10 Funds**

Funds generated or drawn on via the Income & Expenditure account are classified as either restricted funds or unrestricted funds, defined as follows:

- Restricted Funds are subject to specific conditions which may be declared by the donor or with their authority (e.g. by the restrictive wording of an appeal). Some are restricted income funds expendable at the discretion of the Directors in furtherance of a particular activity, such as Central and Local Government grants and funds raised for particular activities. Others are capital where the assets are required to be invested for long-term use.
- Unrestricted Funds are expendable at the discretion of the Directors in furtherance of the objects of the Charity.

**1.11 Cash Flow**

The Group has taken the benefit of exemption from preparing a Cash Flow Statement conferred by FRS1 on the grounds that it is a small group.

**1.12 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the subsidiary during the year in accordance with FRS 17.

NATURAL RESEARCH LIMITEDNOTES TO THE GROUP ACCOUNTS (continued)At 28th February 20062. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	<u>Note</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2006</u>	<u>2005</u>
		<u>Funds</u>	<u>Funds</u>	<u>Total</u>	<u>Total</u>
<u>INCOMING RESOURCES</u>	<u>3.4</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Incoming resources from generated funds					
Voluntary income		2,499	-	2,499	-
Activities for generating funds		986,974		986,974	562,273
Investment income		2,061	-	2,061	1,960
Incoming resources from charitable activities		15,280	25,599	40,879	13,313
Other incoming resources		-	-	-	-
<b>Total Incoming Resources</b>		<b>1,006,814</b>	<b>25,599</b>	<b>1,032,413</b>	<b>577,546</b>
		=====	=====	=====	=====
<u>Resources Expended</u>	<u>4</u>				
Costs of generating funds					
Voluntary income		-	-	-	-
Fundraising and trading		670,380	-	670,380	538,516
Investment management		-	-	-	-
Charitable Activities		74,692	6,291	80,983	57,867
Governance costs	14	1,134	-	1,134	-
Other resources expended		-	-	-	-
<b>Total Resources Expended</b>		<b>746,206</b>	<b>6,291</b>	<b>752,497</b>	<b>596,383</b>
		=====	=====	=====	=====
<b>Net Incoming Resources</b>		<b>260,608</b>	<b>19,308</b>	<b>279,916</b>	<b>(18,837)</b>
Transfers between funds		(3,000)	3,000	-	-
<b>Total Funds b/f</b>		<b>236,533</b>	<b>4,955</b>	<b>241,488</b>	<b>260,325</b>
		=====	=====	=====	=====
<b>Total Funds c/f</b>		<b>494,141</b>	<b>27,263</b>	<b>521,404</b>	<b>241,488</b>
		=====	=====	=====	=====



NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20063. INCOME3.1 DONATIONS ETC

Income arises from donations, legacies etc., from within the United Kingdom and from overseas.

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Fund</u>	<u>2006</u> £	<u>2005</u> £
UK Donations etc	2,499	12,828	15,327	13,313
Outwith UK Donations etc	15,280	12,771	28,051	-
	<u>17,779</u>	<u>25,599</u>	<u>43,378</u>	<u>13,313</u>
	=====	=====	=====	=====

3.2 COMMERCIAL TRADING INCOME

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Fund</u>	<u>2006</u> £	<u>2005</u> £
Consultancy Income (see note 8)	986,974	-	986,974	562,273
	=====	=====	=====	=====

3.3 INVESTMENT INCOME

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Fund</u>	<u>2006</u> £	<u>2005</u> £
Bank interest	2,061	-	2,061	1,960
	=====	=====	=====	=====
<b>TOTAL INCOME</b>	<b>1,006,814</b>	<b>25,599</b>	<b>1,032,413</b>	<b>577,546</b>
	=====	=====	=====	=====

3.4 DETAILED INCOME ANALYSIS

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Fund</u>	<u>2006</u> £	<u>2005</u> £
Voluntary Income				
- General donation	2,499	-	2,499	-
Trading Activities				
- NRP Ltd Consultancy	986,974	-	986,974	562,273
Investment income				
- Bank Interest	2,061	-	2,061	1,960
Charitable Activities				
- Petroleum Development	15,280	-	15,280	-
- Countryside Council	-	8,486	8,486	-
- RSPB	-	4,342	4,342	13,313
- San Diego Zoo	-	12,771	12,771	-
<b>TOTAL INCOME</b>	<b>1,006,814</b>	<b>25,599</b>	<b>1,032,413</b>	<b>577,546</b>
	=====	=====	=====	=====

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)

At 28th February 2006

4. RESOURCES EXPENDED4.1 RESEARCH EXPENDITURE

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2006</u>	<u>2005</u>
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
Staff costs	42,036	-	42,036	14,720
Subcontractors	16,153	5,597	21,750	36,157
Motor Expenses	1,788	69	1,857	1,883
Field Equipment	4,852	-	4,852	2,429
Accommodation & Subsistence	6,289	625	6,914	1,791
	<u>71,118</u>	<u>6,291</u>	<u>77,409</u>	<u>56,980</u>
	=====	=====	=====	=====

4.2. ADMINISTRATION COSTS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2006</u>	<u>2005</u>
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
Admin wages	16,330	-	16,330	29,355
Directors salaries	40,317	-	40,317	43,250
Employers NIC	5,349	-	5,349	5,460
Staff training	50	-	50	4,536
Office rent	7,270	-	7,270	6,600
Rates	392	-	392	-
Insurance	13,818	-	13,818	11,572
Use of offices	5,000	-	5,000	5,000
Repairs and renewals	4,781	-	4,781	1,406
Consumable equipment	6,558	-	6,558	6,089
Printing, postage etc	5,816	-	5,816	4,930
Telephone	1,721	-	1,721	1,200
Legal & professional	2,210	-	2,210	1,840
Accountancy & tax fee	5,735	-	5,735	3,750
Audit fees	2,484	-	2,484	1,250
Bookkeeping expenses	4,221	-	4,221	2,420
Bank charges	1,318	-	1,318	973
Bad debts	-	-	-	2,700
Sundry expenses	5,572	-	5,572	3,361
Depreciation	13,413	-	13,413	11,916
Loss on disposals	567	-	567	-
Other interest	-	-	-	521
Exchange rate loss	205	-	205	-
	<u>143,127</u>	<u>-</u>	<u>143,127</u>	<u>148,129</u>
	=====	=====	=====	=====

4.3 COMMERCIAL TRADING EXPENSES

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2006</u>	<u>2005</u>
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
Subcontractors fees	129,570	-	129,570	80,978
Project costs	124,791	-	124,791	92,336
Project wages	253,820	-	253,820	199,281
Employers NIC	24,774	-	24,774	19,506
	<u>532,955</u>	<u>-</u>	<u>532,955</u>	<u>392,101</u>
	=====	=====	=====	=====
TOTAL EXPENDITURE	747,200	6,291	753,491	597,210
	=====	=====	=====	=====

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20065. STAFF COSTS

The following staff costs are included in group expenditure:

	<u>2006</u> £	<u>2005</u> £
Directors remuneration	42,746	46,875
Wages and salaries	306,047	238,786
Social security costs	33,833	25,911
Pension costs	-	-
	<hr/>	<hr/>
	382,626	311,572
	=====	=====

The costs above have been allocated over the following headings:

	<u>Un- restricted Funds</u>	<u>Restricted Funds</u>	<u>Total</u>	<u>2005</u>
Research Expenses	42,036	-	42,036	12,320
Fundraising	-	-	-	2,400
Commercial Trading Activities	340,590	-	340,590	296,852
	<hr/>	<hr/>	<hr/>	<hr/>
	382,626	-	382,626	311,572
	=====	=====	=====	=====

While undertaking work for the group three of it's directors incurred expenses amounting to £ (2005 : £5,491). These expenses were reimbursed.

6. TAXATION

The parent company is accepted as a charity by the Board of the Inland Revenue and consequently relief is given under S505T.A. 1988 to exempt it from the payment of Corporation Tax.

The subsidiary company is subject to normal corporation tax legislation, and hence pays corporation tax on its profits as follows:

	<u>2006</u> £	<u>2005</u> £
<u>Domestic current year tax</u>		
UK corporation tax	-	-
Adjustment for previous year	-	-
	<hr/>	<hr/>
<u>Current tax charge</u>	-	-
<u>Deferred tax</u>		
Deferred tax charge for current period	(994)	(827)
	<hr/>	<hr/>
	(994)	(827)
	=====	=====

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20067. TANGIBLE FIXED ASSETS - GROUP AND CHARITY

	<u>Land &amp; buildings</u>	<u>Group Plant &amp; machinery</u>	<u>Total</u>	<u>Charity Total</u>
	£	£	£	£
<u>Cost</u>				
At 1st March 2005	10,000	41,462	51,462	-
Additions	-	21,877	21,877	-
Disposals	-	(4,936)	(4,936)	-
At 28th February 2006	10,000	58,403	68,403	-
	=====	=====	=====	=====
<u>Depreciation</u>				
At 1st March 2005	-	23,317	23,317	-
Charge for the year	-	13,413	13,413	-
On disposals	-	(1,234)	(1,234)	-
At 28th February 2006	-	35,496	35,496	-
	=====	=====	=====	=====
<u>Net book value</u>				
At 28th February 2006	10,000	22,907	32,907	-
	=====	=====	=====	=====
At 28th February 2005	10,000	18,145	28,145	-
	=====	=====	=====	=====

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20068. INVESTMENTS - CHARITY

	<u>2006</u> £	<u>2005</u> £
Natural Research (Projects) Limited	1	1
	===	===

The charitable company is the sole shareholder of Natural Research (Projects) Limited, a company which advises on the environmental and ecological impact of carrying out various projects and developments. The investment is cancelled out on consolidation. The wholly owned subsidiary, which is incorporated in the United Kingdom, pays a substantial portion of its profits to the charity by gift aid. A summary of the results from the trading company is shown below.

Summary profit and loss account

	<u>2006</u> £	<u>2005</u> £
Turnover	986,974	562,273
Cost of sales	532,955	392,101
Gross profit	454,019	170,172
Administrative expenses	(138,420)	(146,721)
Interest receivable	1,227	1,440
Interest payable	(1,090)	(1,745)
Corporation tax	315,736 (994)	23,146 (827)
Gifted to the charity	316,730 208,644	23,973 92,000
Retained in the company	108,086 =====	(68,027) =====

The Assets and Liabilities of the subsidiary were:

	<u>2006</u> £	<u>2005</u> £
Tangible fixed assets	32,907	28,145
Current assets	392,178	235,913
Creditors due within 1 year	425,085 (134,300)	264,058 (80,365)
Provisions for liabilities	-	(994)
<u>Total net assets</u>	290,785 =====	182,699 =====
Aggregate share capital and reserves	290,785 =====	182,699 =====

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2006

9. <u>DEBTORS</u>	<u>Group</u>		<u>Charity</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£	£	£	£
Trade debtors	332,040	199,262	-	-
Other debtors	36,343	15,326	30,822	5,274
Amounts due from subsidiary			-	15,266
	<u>368,383</u>	<u>214,588</u>	<u>30,822</u>	<u>20,540</u>
	=====	=====	=====	=====

10. <u>CREDITORS</u>	<u>Group</u>		<u>Charity</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£	£	£	£
Trade creditors	10,546	7,062	-	-
Taxes and Social Security	92,858	30,420	-	-
Other Creditors	35,112	27,617	8,766	-
	<u>138,516</u>	<u>65,099</u>	<u>8,766</u>	<u>-</u>
	=====	=====	=====	=====

11. <u>PROVISIONS FOR LIABILITIES AND CHARGES - GROUP</u>	<u>Deferred Tax liability</u>
	£
Balance at 1st March 2005	994
Charge for period	(994)
	<u>-</u>
	=====

The deferred charge liability is made up as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Accelerated capital allowances	-	994
	=====	=====

12. RESTRICTED FUNDS

There were five restricted funds during the year.

- Darwin Initiative (Funded by RSPB)  
Monies received in this fund are for research into gyps series vultures.
- Hen harrier conservation (Funded by Countryside Council)  
The fund is initially concerned with producing a scoping assessment and ultimately to support a conservation framework for the hen harrier.
- PAT Modelling (Funded by Natural Research (Projects) Ltd)  
These funds are used to improve and test the computer model of golden eagle ranging.
- Stellar Sea Eagles Juvenile Dispersal (Funded by San Diego Zoo)  
Monies received into this fund are for the fitting of transmitters to juvenile Stellar's sea eagles and the subsequent monitoring thereof.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 200612. RESTRICTED FUNDS (CONTINUED)

- Fishing Eagle Conservation in Cambodia (Funded by National Birds of Prey Trust, Hawk Mountain Sanctuary and International Osprey Foundation)  
This funds the research into the distribution and ecology of the eagles and their prey.

13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	<u>Un- Restricted fund</u> £	<u>Restricted fund</u> £	<u>Total</u> £	<u>2005</u> £
Tangible Fixed Assets	32,907	-	32,907	28,145
Investments	-	-	-	-
Debtors	368,383	-	368,383	214,588
Cash at Bank	231,367	27,263	258,630	64,848
Creditors	(138,516)	-	(138,516)	(65,099)
Provisions for liabilities	-	-	-	(994)
	<u>494,141</u>	<u>27,263</u>	<u>521,404</u>	<u>241,488</u>
	=====	=====	=====	=====

14. RELATED PARTY TRANSACTIONS

Transactions between the charity and its subsidiary cancel out on consolidation and are therefore not reported.

During the year the group has undertaken the following transactions with its directors, in addition to the normal travel expenses etc., disclosed in Note 5.

	<u>2006</u> £	<u>2005</u> £
<u>M. Madders</u>		
Car hire	-	1,800
Use of office	5,000	5,000
<u>P. Stirling-Aird</u>		
Rent paid to family trust	6,000	1,000

The Company's subsidiary, Natural Research (Projects) Limited has agreed to meet the undernoted expenses on its behalf:

	<u>2006</u> £	<u>2005</u> £
Legal and Professional Fees	-	15
Accountancy and Taxation Fees	-	1,000

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 200615. APB - Ethical Standards

In common with many other businesses of our size and nature we use our auditors to assist in recording our bookkeeping records, to assist with the preparation of the financial statements and to prepare and submit returns to the tax authorities.

The fees charged by the auditors were as follows;

	<u>2006</u>	<u>2005</u>
	£	£
Audit fees	2,484	1,250
Accountancy services	4,713	3,750
Bookkeeping services	4,221	2,420
Other fees	1,022	1,790
	<hr/>	<hr/>
	12,440	9,210
	=====	=====

The audit fees are charged to governance costs within the Statement of Financial Activities. In the previous year the subsidiary company paid for all audit and accountancy services.