

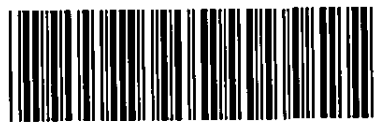
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NATURAL RESEARCH LIMITED
*(a company limited by guarantee
and not having a share capital)*
(Company number: SC209393)
(Charity number: SC030363)

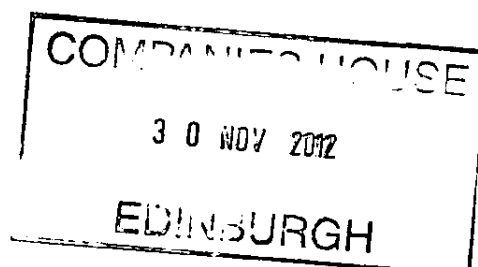
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

29 FEBRUARY 2012

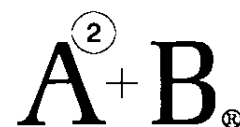
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Anderson Anderson & Brown LLP
Chartered Accountants



NATURAL RESEARCH LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2012

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NATURAL RESEARCH LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS AND CHARITY TRUSTEES

The directors of the charitable company ("the charity") are its trustees for the purposes of charity law. The directors are:

Mr P K Stirling-Aird MBE
Dr H Insley
Dr D P Whitfield (appointed 1 May 2012)

ORGANISATION

The company is managed by the Board of Directors.

SECRETARIES

MacKinnons

REGISTERED OFFICE

14 Carden Place
Aberdeen
AB10 1UR

PRINCIPAL ADDRESS

Brathens Business Park
Hill of Brathens
Glassel
BANCHORY
AB31 4BY

AUDITORS

Anderson Anderson & Brown LLP
9 Queens Road
Aberdeen
AB15 4YL

BANKERS

The Royal Bank of Scotland
Bowmore
Isle of Islay
PA43 7JJ

SOLICITORS

MacKinnons
14 Carden Place
ABERDEEN
AB10 1UR

INVESTMENT MANAGERS

Brewin Dolphin
Blenheim House
Fountainhall Road
ABERDEEN
AB15 4DT

NATURAL RESEARCH LIMITED
DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the group for the year ended 29 February 2012.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of Governing Document

Natural Research Limited is a company limited by guarantee (company number SC209393) and a registered Scottish charity (charity number: SC030363). The charitable company is governed by its Memorandum and Articles of Association.

Organisational Structure

The Board of Directors, who are in regular contact, administer the charity. Day to day management of the charitable company for the year ended 29 February 2012 was delegated to the Managing Director, Dr M McGrady, and he reported to the Board on performance. Following Dr McGrady's resignation as of 30 April 2012, Dr Whitfield has acted in this position.

The appointment of Dr Insley as a director of the trading subsidiary, the resignation of Dr McGrady from the group and the need to install a new Director to the charity's Board, through the appointment of Dr Whitfield, has led to all of the charity's trustees currently being directors of its trading subsidiary. In order to avoid consequent potential conflicts of interest with the subsidiary during this recent period of flux in the group's structure, the current Board has agreed that a further four new directors will be appointed to the trading subsidiary's board by ordinary resolution at the Annual General Meeting. These appointments will substantially dissolve day-to-day control of the subsidiary away from Dr Whitfield.

Directors

The directors during the year are listed on page 1 together with Dr M McGrady who resigned as a director on 30 April 2012.

In accordance with the Articles of Association Mr Stirling-Aird retires at the Annual General Meeting and is eligible for re-election.

Recruitment and Appointment of Directors

The powers for appointment and removal of directors are set out in the company's Memorandum and Articles of Association.

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 is required to retire by rotation at each annual general meeting and as such is eligible for re-election.

None of the directors has any beneficial interest in the charity. All of the directors are members of the charity and guarantee to contribute £1 in the event of a winding up.



NATURAL RESEARCH LIMITED
DIRECTORS' REPORT (continued)

Members

No person shall be admitted to membership of the charity unless he is approved by the directors. New directors are appointed by ordinary resolution.

Related Parties and Affiliations

The charity has a wholly owned subsidiary, Natural Research (Projects) Limited. The primary objective of Natural Research (Projects) Limited is the provision of environmental reports, primarily by way of the assessment of the ornithological impacts of commercial developments.

Induction and Training of Charities Trustees

The current directors have been involved with the charity for several years and therefore induction training has not currently been an issue. An induction training plan will be implemented to support new directors in the coming months. Advice is taken on matters of a technical nature as and when required from the charity's professional advisors.

Risk Management

The directors have assessed the major risks to which the company is exposed, in particular those related to the operations and finance of the company and are satisfied that systems are in place to manage the exposure to major risks.

OBJECTIVES AND ACTIVITIES

The charity's objectives are 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 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 charity'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.

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.

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 several projects undertaken are progressing well and are on target to achieving their chosen outputs. The directors also recognise, however, that there is need to publicise outputs on existing projects and to increase the charity's activity to satisfy its fundamental objectives, now that it has begun to recover from a major change in its organisational structure.

The charity has one restricted fund that grants are paid from, being the Mike Madders Field Research Fund.

NATURAL RESEARCH LIMITED
DIRECTORS' REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE

The charity currently has over nineteen projects that it is supporting. The trustees 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. This aim also ensures that the outputs of the charity are clearly recognised as being of high quality research.

Recent changes in personnel and efforts to overhaul administration functions have detracted from efforts to produce peer-reviewed publications. Despite having to manage such disruptions, the trustees have recognised this temporary lapse in the primary output of its charitable activities. They have realised that a greater production of high quality peer-reviewed outputs, which satisfy the primary aims of the charity, will be required in the near future (and beyond). These future outputs should at least match, or preferentially, better the performance before the recent disruptive activities to operations had occurred. The trustees recognise that to achieve this restoration or (preferably betterment) of previous performance will involve several years of future effort, not least because the production of the primary output can take several years due to the stringent measures imposed by the peer-review process.

Detailed information on all of the charity's projects is available on the group's website: <http://www.natural-research.org>.

The subsidiary company has had a very productive year and the directors are pleased with its continued recent trend of good performance. Furtherance of recent diversification in the type of projects in which the subsidiary is involved is to be encouraged, to provide a firmer basis for long-term security of its income.

FINANCIAL REVIEW

The group net incoming resources for the year, including other recognised gains and losses, amounting to £187,814 (2011 - £193,811), have been dealt with as shown in the Statement of Financial Activities and comprise:

	2012 £	2011 £
Natural Research Limited	413,491	73,978
Natural Research (Projects) Limited	(225,677)	119,833
	<u>£ 187,814</u>	<u>£ 193,811</u>

Investments

In November 2011 the directors placed £500,000 of the charity's funds in stockmarket investments. The directors have appointed investment managers to manage this investment portfolio. As income is important to the charity, the directors have requested an annual income of £20,000, equivalent to a yield of 4%. This will be reviewed annually. During the period to the end of the year the portfolio earned £1,761 of dividend income.

NATURAL RESEARCH LIMITED
DIRECTORS' REPORT (continued)

Reserves

The trustees acknowledge that one of the original objectives of the trading subsidiary was to assist in financing the charity's operations.

To assist the financing of the charity's operations the vast majority of the trading subsidiary's profits have been donated to the charity in previous years and this has allowed reserves to accumulate in it. These reserves should allow the charity to survive any failures in its earning capability or unforeseen costs that have not been identified by the above risk analysis.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

It has been recognised by the trustees, nevertheless, that the subsidiary's donations to the charity's operations during recent years has left the subsidiary vulnerable to the vagaries of the commercial environment in which it operates. Consequently, future plans will involve the retention of reserves within the subsidiary to give it a sounder foundation to meet the necessity for responsible business management. These plans are in recognition of the uncertainties of the subsidiary's operational environment and the need to maintain its leading position within its highly competitive field. These plans also acknowledge the need to maintain separation between the reserves held by the charity and its commercial subsidiary but to maintain the working capital requirements of both.

PLANS FOR FUTURE PERIODS

It is the intention of the trustees to encourage a higher level of activity within the charity in the coming years in order to utilise the substantial level of funds now held. This intention of increased activity will encompass several strands, including:

- Increased emphasis on a strategic approach, which will involve greater pro-activity in the generation of new projects, and the co-funding of PhD studentships within recognised centres of academic excellence. The benefits of this approach are numerous and fulfil the charity's objectives in a cost-effective fashion;
- Dedicated administration support;
- Greater conversion rate from reports to peer-reviewed papers; and
- Greater information flow to be delivered by the website.

It is anticipated that intergroup donations to the charity are liable to be reduced in the year ending February 2013. This is in order for the trading subsidiary to establish a reserve for cost-effective management of any short-term cash flow or temporary shortfalls in secured contracts. Additional funds will be required by the trading subsidiary to establish a commercial Research and Development programme, distinct from charitable objectives, both to maintain the subsidiary's reputation as a leader in its field and to provide responsible staff management in utilising their skill sets. These funds are required therefore for responsible business operation in the subsidiary, and will impact on the intergroup donations that will be made to the charity during the course of the year ending February 2013.

NATURAL RESEARCH LIMITED
DIRECTORS' REPORT (continued)

PROVISION OF INFORMATION TO AUDITORS

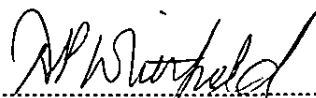
As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Anderson Anderson & Brown LLP were appointed auditors on 12 April 2012 and have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Signed on behalf of the Board of Directors



Director - Dr D P Whitfield

21 NOVEMBER 2012

Date

**NATURAL RESEARCH LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors (who are also trustees of Natural Research Limited for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare the financial statements for each year.

Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and the group and of the incoming resources and application of resources of the company and the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS AND DIRECTORS OF NATURAL RESEARCH LIMITED

We have audited the financial statements of Natural Research Limited for the year ended 29 February 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's directors and members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 24 to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 29 February 2012 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS AND DIRECTORS OF NATURAL RESEARCH LIMITED
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements and the Trustees' Annual Report in accordance with the small companies regime.

Anderson Anderson & Brown LLP

James S Pirrie (Senior Statutory Auditor)

For and on behalf of Anderson Anderson & Brown LLP
Statutory Auditor
Aberdeen

21ST November 2012

Anderson Anderson & Brown LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

NATURAL RESEARCH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Note	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	3,255	1,000	4,255	-
Activities for generating funds	3	1,372,276	-	1,372,276	1,464,538
Investment income	4	4,960	-	4,960	286
Incoming resources from charitable activities	5	43,014	-	43,014	65,911
TOTAL INCOMING RESOURCES		1,423,505	1,000	1,424,505	1,530,735
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs	6	1,080,703	-	1,080,703	1,113,705
Charitable activities	6	162,249	-	162,249	220,890
Governance costs	7	5,000	-	5,000	2,329
TOTAL RESOURCES EXPENDED		1,247,952	-	1,247,952	1,336,924
NET INCOMING RESOURCES BEFORE TRANSFERS		175,553	1,000	176,553	193,811
TRANSFERS					
Gross transfers between funds		4,384	(4,384)	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		179,937	(3,384)	176,553	193,811
OTHER RECOGNISED GAINS/LOSSES					
Gains/losses on investment assets		11,261	-	11,261	-
NET MOVEMENT IN FUNDS	8	191,198	(3,384)	187,814	193,811
RECONCILIATION OF FUNDS					
Total funds brought forward		1,062,121	9,752	1,071,873	878,062
Total funds carried forward	16	£ 1,253,319	£ 6,368	£ 1,259,687	£ 1,071,873

The company has made no gains or losses other than as reported above.

All incoming resources and resources expended derive from continuing activities.

NATURAL RESEARCH LIMITED
CHARITY STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Note	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	520,505	1,000	521,505	231,000
Investment income	4	4,960	-	4,960	286
Incoming resources from charitable activities	5	43,014	-	43,014	65,911
TOTAL INCOMING RESOURCES		568,479	1,000	569,479	297,197
RESOURCES EXPENDED					
Charitable activities	6	162,249	-	162,249	220,890
Governance costs	7	5,000	-	5,000	2,329
TOTAL RESOURCES EXPENDED		167,249	-	167,249	223,219
NET INCOMING RESOURCES BEFORE TRANSFERS		401,230	1,000	402,230	73,978
TRANSFERS					
Gross transfers between funds		4,384	(4,384)	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		405,614	(3,384)	402,230	73,978
OTHER RECOGNISED GAINS/LOSSES					
Gains/losses on investment assets		11,261	-	11,261	-
NET MOVEMENT IN FUNDS	8	416,875	(3,384)	413,491	73,978
RECONCILIATION OF FUNDS					
Total funds brought forward		624,374	9,752	634,126	560,148
Total funds carried forward	16	<u>£ 1,041,249</u>	<u>£ 6,368</u>	<u>£ 1,047,617</u>	<u>£ 634,126</u>

The company has made no gains or losses other than as reported above.

All incoming resources and resources expended derive from continuing activities.

NATURAL RESEARCH LIMITED
COMPANY NUMBER: SC209393
CONSOLIDATED BALANCE SHEET - 29 FEBRUARY 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	11	71,977	58,061
Investments	12	511,261	-
		<u>583,238</u>	<u>58,061</u>
CURRENT ASSETS			
Debtors	13	310,460	356,526
Cash at bank and in hand		525,541	889,738
		<u>836,001</u>	<u>1,246,264</u>
CREDITORS: amounts falling due within one year	14	159,552	232,452
		<u>676,449</u>	<u>1,013,812</u>
NET CURRENT ASSETS			
		<u>£ 1,259,687</u>	<u>£ 1,071,873</u>
NET ASSETS			
FUNDS			
Restricted funds		6,368	9,752
Unrestricted funds		1,253,319	1,062,121
		<u>1,259,687</u>	<u>1,071,873</u>
Total funds	16	<u>£ 1,259,687</u>	<u>£ 1,071,873</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Signed on behalf of the Board of Directors


 Director - Dr D P Whitfield

21 NOVEMBER 2012
 Date

NATURAL RESEARCH LIMITED
COMPANY NUMBER: SC209393
BALANCE SHEET - 29 FEBRUARY 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investments	12	511,262	1
		<u>511,262</u>	<u>1</u>
CURRENT ASSETS			
Debtors	13	199,538	31,358
Cash at bank and in hand		411,890	680,428
		<u>611,428</u>	<u>711,786</u>
CREDITORS: amounts falling due within one year	14	75,073	77,661
		<u>536,355</u>	<u>634,125</u>
NET CURRENT ASSETS			
NET ASSETS		<u>£ 1,047,617</u>	<u>£ 634,126</u>
FUNDS			
Restricted funds		6,368	9,752
Unrestricted funds		1,041,249	624,374
		<u>1,047,617</u>	<u>634,126</u>
Total funds	16	<u>£ 1,047,617</u>	<u>£ 634,126</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Signed on behalf of the Board of Directors


 Director - Dr D P Whitfield

21 NOVEMBER 2012
 Date

NATURAL RESEARCH LIMITED

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

1. ACCOUNTING POLICIES

(a) *Basis of financial statements preparation*

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006, The Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

(b) *Group accounts*

The financial statements consolidate the results of the charity and its wholly owned subsidiary Natural Research (Projects) Limited, on a line by line basis.

(c) *Going concern*

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the group has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

(d) *Incoming resources*

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income is included in the Statement of Financial Activities in the year in which it is receivable.

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable. Investment income includes the computed tax credit and tax deducted at source.

(e) *Resources expended*

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

(f) *Taxation*

The company is recognised by HM Revenue and Customs as a charity and, as a consequence of the tax reliefs available in relation to current year, income is not liable to taxation.

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

1. ACCOUNTING POLICIES (continued)

(g) *Tangible fixed assets and depreciation*

Fixed assets costing £1,000 or more are capitalised at cost.

The cost of fixed assets is written off over their expected useful lives as follows:

Motor vehicles	25% reducing balance
Other equipment	3 years

(h) *Fixed asset investments*

Fixed asset investments are included at market value at the year end. Gains and losses on disposal or revaluation of investments are charged or credited to the Statement of Financial Activities and form part of the fund in which the asset is held.

(i) *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year-end rate of exchange. The resulting profits or losses are dealt with in the Statement of Financial Activities.

(j) *Leasing and hire purchase commitments*

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease.

Rentals paid under operating leases are charged to the income on a straight-line basis over the lease term.

(k) *Pensions*

The group contributes to personal pension schemes for the benefit of its employees. Contributions payable are charged to the profit & loss account in the year they are payable.

(l) *Funds*

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the directors.

Restricted funds are to be used for specific purposes as laid down by the donor.

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

2. VOLUNTARY INCOME

	2012	Group 2011	2012	Company 2011
Donations and legacies	<u>£ 4,255</u>	<u>£ -</u>	<u>£ 521,505</u>	<u>£ 231,000</u>

3. ACTIVITIES FOR GENERATING FUNDS

	2012 £	Group 2011 £
Commercial trading operations	<u>£ 1,372,276</u>	<u>£ 1,464,538</u>

4. INVESTMENT INCOME

	Group and Company 2012 £	2011 £
Bank interest receivable	3,199	286
Dividends - UK entities	1,761	-
	<u>£ 4,960</u>	<u>£ 286</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Group and Company 2012	2011
Research and consultancy on wildlife management	<u>£ 43,014</u>	<u>£ 65,911</u>

NATURAL RESEARCH LIMITED

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

6. DIRECT COSTS

	Staff Costs £	Other costs £	2012 Total £	2011 Total £
Research and wildlife consultancy:				
Activities undertaken directly	63,932	78,093	142,025	193,690
Grant funding of activities	-	-	-	1,500
Support costs	-	20,224	20,224	25,700
Company	63,932	98,317	162,249	220,890
Commercial trading operations	593,966	486,737	1,080,703	1,113,705
Group	£ 657,898	£ 585,054	£ 1,242,952	£ 1,334,595

7. GOVERNANCE COSTS

Group and company	2012	2011
Auditors' remuneration - audit fees	£ 5,000	£ 2,329

8. NET MOVEMENT IN FUNDS *is stated after charging:*

	2012 £	2011 £
Group		
Auditors' remuneration - audit fees	12,000	3,989
- non-audit fees	11,172	8,602
Depreciation of owned fixed assets	24,236	36,131
Rent of property	16,500	23,352

NATURAL RESEARCH LIMITED

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

9. STAFF COSTS AND NUMBERS

	2012 £	Group 2011 £	2012 £	Company 2011 £
Wages and salaries	594,472	663,940	60,968	88,862
Social security	54,147	63,105	2,964	4,109
Pension costs	9,279	26,142	-	570
	<u>£ 657,898</u>	<u>£ 753,187</u>	<u>£ 63,932</u>	<u>£ 93,541</u>

The average number of persons employed by the charitable company during the year, including the directors was as follows:

	2012 No	Group 2011 No	2012 No	Company 2011 No
Directors	3	3	3	3
Research activities	2	2	2	2
Commercial activities	21	19	-	-
Administration	4	4	1	1
	<u>30</u>	<u>28</u>	<u>6</u>	<u>6</u>

There were no employees with emoluments over £60,000.

10. DIRECTORS EMOLUMENTS AND EXPENSES

£27,670 (2011; £42,400) was paid to one of the trustees of the charity for his work as an expert on research projects. The trustee incurred expenses of £2,640 (2011; £1,714) relating to travel, subsistence etc while undertaking this work and these expenses were reimbursed in full.

The details of the trustees' remuneration and pension payments are disclosed in note 22. While undertaking work for the group two of the trustees incurred expenses relating to travel. These expenses were reimbursed in full and have also been disclosed in note 22.

The number of trustees for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2011 - 1).

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

11. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Other equipment £	Total £
Group			
COST			
At 1 March 2011	93,898	101,983	195,881
Additions	28,650	21,805	50,455
Disposals	(24,108)	-	(24,108)
At 29 February 2012	98,440	123,788	222,228
DEPRECIATION			
At 1 March 2011	40,349	97,471	137,820
Charge for year	17,475	6,761	24,236
Relating to disposals	(11,805)	-	(11,805)
At 29 February 2012	46,019	104,232	150,251
Net book amounts at 29 February 2012	£ 52,421	£ 19,556	£ 71,977
1 March 2011	£ 53,549	£ 4,512	£ 58,061

12. INVESTMENTS

	2012 £	Group 2011 £	2012 £	Company 2011 £
Shares in group undertaking (a)	-	-	1	1
Stock market investments (b)	511,261	-	511,261	-
	£ 511,261	£ -	£ 511,262	£ 1

(a) Subsidiary undertaking

	2012	2011
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 eliminated 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.

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

12. INVESTMENTS (continued)

Summary profit and loss account

	2012 £	2011 £
Turnover	1,372,276	1,464,538
Cost of sales	736,076	822,919
Gross profit	636,200	641,619
Administrative expenses	(326,608)	(290,786)
Corporation tax	309,592 (18,019)	350,833 -
Gifted to the charity	291,573 (517,250)	350,833 (231,000)
Retained in the company	£ (225,677)	£ 119,833

The assets and liabilities of the subsidiary at 31 March were:

	2012 £	2011 £
Tangible fixed assets	71,977	58,061
Current assets	465,216	623,769
Creditors due within 1 year	537,193 (325,122)	681,830 (244,082)
Total net assets	£ 212,071	£ 437,748
Aggregate share capital and reserves	£ 212,071	£ 437,748

(b) Stock market investments

	2012 £	2011 £
Additions at cost	500,000	-
Net unrealised investments gains on revaluation	11,261	-
Market value at 29 February 2012	£ 511,261	£ -

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

12. INVESTMENTS (continued)

(b) Stock market investments (continued)

The market value of investments at 29 February 2012 comprises:

	2012 £	2011 £
Managed funds	453,923	-
Cash deposits	57,288	-
	<u>£ 511,261</u>	<u>£ -</u>
Historical cost at 29 February 2012	<u>£ 500,000</u>	<u>£ -</u>

Investments in individual entities held at 29 February 2012 which are over 5% of portfolio by value are:

	2012 £	2011 £
Ishares III plc Corporate Bond	25,665	-
Legg Mason Global fund	25,890	-
	<u>£ 51,555</u>	<u>£ -</u>

13. DEBTORS

	2012 £	Group 2011 £	2012 £	Company 2011 £
Trade debtors	180,392	346,940	-	-
Owed by group undertaking	-	-	-	31,358
Other debtors	130,068	9,586	199,538	-
	<u>£ 310,460</u>	<u>£ 356,526</u>	<u>£ 199,538</u>	<u>£ 31,358</u>

NATURAL RESEARCH LIMITED

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

14. CREDITORS: amounts falling due within one year

	2012 £	Group 2011 £	2012 £	Company 2011 £
Trade creditors	30,280	6,317	-	-
Taxation and social security	32,854	83,148	1,201	1,874
Other creditors	46,240	-	-	-
Due to group undertakings	-	-	41,893	57,933
Accruals & deferred income	31,979	142,987	31,979	17,854
Corporation tax	18,019	-	-	-
	<u>£ 159,552</u>	<u>£ 232,452</u>	<u>£ 75,073</u>	<u>£ 77,661</u>

15. SECURITY

The Royal Bank of Scotland hold a bond and floating charge over the assets of Natural Research (Projects) Ltd. In addition to this it also held a personal guarantee up to £10,000 from Dr M McGrady at the year end.

16. MOVEMENT IN FUNDS

	At 1 March 2011 £	Incoming resources £	Resources expended £	Transfers	Gains/ (Losses) £	At 29 February 2012 £
Group						
Unrestricted funds	1,062,121	1,423,505	(1,247,952)	4,384	11,261	1,253,319
Restricted funds	9,752	1,000	-	(4,384)	-	6,368
	<u>£ 1,071,873</u>	<u>£ 1,424,305</u>	<u>£ (1,247,952)</u>	<u>£ -</u>	<u>£ 11,261</u>	<u>£ 1,259,687</u>
Company						
Unrestricted funds	624,374	568,479	(167,249)	4,384	11,261	1,041,249
Restricted funds	9,752	1,000	-	(4,384)	-	6,368
Total funds	<u>£ 634,126</u>	<u>£ 569,479</u>	<u>£ (167,249)</u>	<u>£ -</u>	<u>£ 11,261</u>	<u>£ 1,047,617</u>

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

17. RESTRICTED FUNDS

The charity was engaged in several ongoing research projects during the year. Where restricted funds have been given for undertaking a specific project, costs are allocated to the restricted funds as the project progresses. In the vast majority of cases there are additional costs associated with these projects that are funded via the charity's general reserves.

The main categories of restricted funds held at present are as follows:

Fund	At 1 March 2011 £	Incoming resources £	Resources expended £	Transfers £	At 29 February 2012 £
Field Research	1,488	1,000	-	3,880	6,368
Stellar Sea Eagles	7,463	-	-	(7,463)	-
Vultures	801	-	-	(801)	-
Total	£ 9,752	£ 1,000	£ -	£ (4,384)	£ 6,368

The Field Research Fund has been established with monies donated in memory of Dr Mike Madders, one of the founding directors of the charity.

The Stellar Sea Eagles and Vulture funds have all been established to research activity of these particular species.

The directors carried out a review of the balances included in restricted funds at 1 March 2011 in light of the definition of restricted funds included in the SORP and are of the view that the only restricted fund held by the charity is the Mike Madders Field Research Award.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds £
Group			
Tangible fixed assets	71,977	-	71,977
Investments	511,261	-	511,261
Current assets	829,633	6,368	836,001
Current liabilities	(159,552)	-	(159,552)
	£ 1,253,319	£ 6,368	£ 1,259,687
Company			
Investments	511,262	-	511,262
Current assets	605,060	6,368	611,428
Current liabilities	(75,073)	-	(75,073)
	£ 1,041,249	£ 6,368	£ 1,047,617

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

19. OTHER FINANCIAL COMMITMENTS

The annual commitments under non-cancellable operating leases are as follows:

	2012 £	2011 £
Group		
<i>Operating lease which expires</i>		
In less than one year	-	13,480
Within two to five years	19,200	21,343
Over five years	384	-
	<u>£ 19,584</u>	<u>£ 34,823</u>

20. PENSION AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS

The charity contributes to the personal pension schemes of its employees. The assets of the schemes are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity to the fund and amounted to £nil (2011; £570). There were no contributions outstanding at the year-end.

Similarly, the subsidiary trading company contributes to the personal pension schemes of its employees. The assets of the schemes are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,279 (2011; £9,073). Contributions totalling £nil (2011; £811) were outstanding at the year end and included in creditors.

In addition to the above pension payments the subsidiary company also paid an ex gratia pension of £3,500 (2011 : £16,500) following the death of an employee.

21. RELATED PARTY TRANSACTIONS

Control

Throughout the year the company was controlled by the directors.

Transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 from disclosing transactions with its subsidiary Natural Research (Projects) Limited.

During the year the group undertook the following transactions with the charity trustees:

NATURAL RESEARCH LIMITED
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 29 FEBRUARY 2012

22. RELATED PARTY TRANSACTIONS (continued)

Trustee	Transacting entity	Transaction	£	Balance outstanding at year end
Dr M McGrady	NR Ltd	Remuneration in relation to work on research projects	27,670	-
	NR Ltd	Expenses for travel etc	2,640	-
P Stirling-Aird	NR (P) Ltd	Remuneration	250	-
Royal Society for The Protection of Birds, a charity of which P Stirling-Aird is a trustee	Both	Purchases	2,838	-

Remuneration is paid to directors under the authority of the Articles of Association dated as follows:

- Natural Research Limited ("NR Ltd") - dated July 2000
- Natural Research (Projects) Limited ("NRP Ltd") - dated December 2000

23. LEGAL STATUS

Natural Research Limited is a company limited by guarantee and not having a share capital. The members' liability in the event of winding up is limited by guarantee not exceeding £1 per member.

24. AUDITORS ETHICAL STANDARDS

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Smaller Entities are that, in common with many charities of our size and nature we use our auditors to assist with the preparation of the accounts.

The fees charged by the auditors to the group were as follows:

	2012 £	2011 £
Audit fees - charity & group	7,000	2,329
Audit fees - trading company	5,000	1,660
Accountancy services	11,261	6,432
Book-keeping & payroll services	-	704
Other fees	-	1,466
	<u>£ 23,261</u>	<u>£ 12,591</u>