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NATURAL RESEARCH LIMITED

GROUP FINANCIAL STATEMENTS

Year to 28th February 2010

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NATURAL RESEARCH LIMITED
GROUP FINANCIAL STATEMENTS
Year to 28th February 2010

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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:	Brathens Business Park, Hill of Brathens, Glassel Banchory, AB31 4BY
REGISTERED OFFICE:	8 Charlotte Street, Perth, PH1 5LL
TRUSTEES & DIRECTORS:	Dr. M.J. McGrady P.K. Stirling-Aird MBE H. Insley
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 28th February 2010.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements of the Company and the Group 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 affairs of the Company and the Group as at the end of the financial period and of the surplus or deficit of the Company and the Group of that period.

In preparing those financial statements, the Directors are required to;

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- 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 maintaining adequate accounting records that are sufficient to show and explain the Charity's transactions and 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 2006. 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 2006 and the Statement of Recommended Practice - Accounting and Reporting by Charities 2005 (SORP 2005).

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT (continued)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 28th February 2010 there were three 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 28th February 2010 there were three members, the liability of each being limited to £1.

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 charitable company is delegated to the Managing Director, Dr M McGrady, and he reports to the Board on performance.

Some of the company's directors are also directors of its trading subsidiary, Natural Research (Projects) Limited. In order to avoid any conflicts of interest with the subsidiary, the Board have agreed that Dr P Whitfield should undertake the day-to-day control of it.

Directors Induction and Training

All of 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 continuing to evolve procedures to mitigate these risks.

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT (continued)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.

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 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 and it is anticipated that the first grants from the Mike Madders Field Research Fund will be made in 2010/11.

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 LIMITEDTHE DIRECTORS' REPORT (continued)FINANCIAL REVIEW

The Group incurred a deficit of £32,967 (2009 surplus £53,877) in the year made up as follows;

	<u>2010</u>	<u>2009</u>
Natural Research Ltd	£(103,094)	£261,709
Natural Research (Projects) Ltd	70,127	(207,832)
	-----	-----
	<u>(32,967)</u>	<u>53,877</u>

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. The directors are satisfied that the present level of unrestricted funds are in excess of the target level.

Principal funding sources

A donation of £92,500 (2009 - £448,500) was received by the charity during the year from the subsidiary company, all of which (2009 - £440,000) was unrestricted.

In addition to this £146,500 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.

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.

NATURAL RESEARCH LIMITEDTHE DIRECTORS' REPORT (continued)DIRECTORS

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

Dr. M. Madders (Died 23/08/09)
 Dr. M.J. McGrady
 P.K. Stirling-Aird MBE
 H. Insley

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

The remaining Directors would like to acknowledge the tragic circumstances of the death of Dr. M. Madders, a co-founder of the Charity. Dr. Madders was an internationally renowned expert and one of Scotland's foremost ornithologists. His work and leadership had developed the charity's subsidiary company to a point where it is recognised as one of the leading UK consultancy firms on terrestrial wind farms and their impact on bird populations and behaviour. It is a testament to the work that he had carried out in establishing the charity and its subsidiary that the companies have continued to attract funding and produce high quality work.

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.

Statement of Disclosure to the Auditor

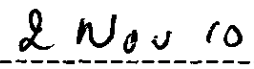
a) so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
 b) they have taken all steps that they ought in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

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



 Elliot & Company, W.S., Secretaries.



 Dated

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

We have audited the group financial statements of Natural Research Limited on pages 9 to 24 for the year ended 28th February 2010. The financial reporting framework that has been applied in their preparation is the applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Smaller Entities (Revised), in the circumstances set out in note 15 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 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.

NATURAL RESEARCH LIMITEDINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OFNATURAL RESEARCH LIMITED (continued)Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the group's and the parent company's affairs as at 28th February 2010 and of the group's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006.

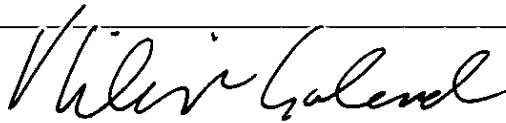
Opinion on other matters prescribed by the Companies Act 2006

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.

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 requires us to report to you if, in our opinion;

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




I. Philip Garland (Senior Statutory Auditor)
For and on behalf of Bird Simpson & Co
Chartered Accountants
Statutory Auditor
144 Nethergate
Dundee
DD1 4EB

Dated

NATURAL RESEARCH LIMITEDCONSOLIDATED INCOME & EXPENDITURE ACCOUNTFor the year ended 28th February 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
<u>INCOME</u>			
Donations, Grants & Sponsorship	3.1	90,919	94,182
Commercial trading operations	3.2	1,160,340	949,572
Interest	3.3	333	12,445
		<hr/>	<hr/>
		1,251,592	1,056,199
<u>EXPENDITURE</u>			
Research Expenses	4.1	275,224	285,023
Administrative Expenses	4.2	331,694	229,511
Commercial Trading Expenses	4.3	677,641	487,788
		<hr/>	<hr/>
		1,284,559	1,002,322
		<hr/>	<hr/>
Surplus/(Deficit) on ordinary activities before taxation	5	(32,967)	53,877
Tax on surplus on commercial activities	6	-	-
		<hr/>	<hr/>
Surplus/(Deficit) on ordinary activities after taxation		(32,967)	53,877
Transfer (to)/from reserves		32,967	(53,877)
		<hr/>	<hr/>
		-	-
		<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 12 to 24 form part of these financial statements.

NATURAL RESEARCH LIMITEDCONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIESFor the Year Ended 28th February 2010

	Note	Unrestricted Funds	Restricted Funds	2010 Total	2009 Total
<u>INCOMING RESOURCES</u>	<u>3.4</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Incoming resources from generated funds					
Voluntary income		-	-	-	-
Activities for generating funds		1,160,340	-	1,160,340	949,572
Investment income		333	-	333	12,445
Incoming resources from charitable activities		75,051	15,868	90,919	94,182
Other incoming resources		-	-	-	-
Total Incoming Resources		1,235,724	15,868	1,251,592	1,056,199
<u>Resources Expended</u>	<u>4</u>				
Costs of generating funds					
Voluntary income		-	-	-	-
Fundraising and trading		997,717	-	997,717	711,088
Investment management		-	-	-	-
Charitable Activities		256,274	28,371	284,645	289,487
Governance costs	16	2,197	-	2,197	1,747
Other resources expended		-	-	-	-
Total Resources Expended		1,256,188	28,371	1,284,559	1,002,322
Net Incoming Resources		(20,464)	(12,503)	(32,967)	53,877
Transfer between funds		(2,008)	2,008	-	-
Total Funds b/f		895,699	15,330	911,029	857,152
Total Funds c/f		873,227	4,835	878,062	911,029

The notes on pages 12 to 24 form part of these financial statements.

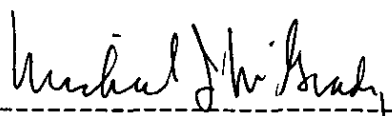
NATURAL RESEARCH LIMITED
CONSOLIDATED & CHARITY BALANCE SHEET

As at 28th February 2010

	<u>Notes</u>	<u>2010</u>	<u>Group</u> <u>2009</u>	<u>Charity</u> <u>2010</u>	<u>2009</u> <u>£</u>
<u>FIXED ASSETS</u>					
Tangible Assets	7	86,245	70,927	-	-
Investment	8	-	-	1	1
		<u>86,245</u>	<u>70,927</u>	<u>1</u>	<u>1</u>
<u>CURRENT ASSETS</u>					
Debtors	9	290,544	223,408	45,338	14,326
Cash at bank		593,661	708,621	540,230	673,022
		<u>884,205</u>	<u>932,029</u>	<u>585,568</u>	<u>687,348</u>
<u>CURRENT LIABILITIES</u>					
Creditors due within one year	10	92,388	91,927	25,421	24,107
<u>NET CURRENT ASSETS/(LIABILITIES)</u>					
		<u>791,817</u>	<u>840,102</u>	<u>560,147</u>	<u>663,241</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>					
		<u>878,062</u>	<u>911,029</u>	<u>560,148</u>	<u>663,242</u>
Provisions for liabilities and charges	11	-	-	-	-
		<u>878,062</u>	<u>911,029</u>	<u>560,148</u>	<u>663,242</u>
<u>Represented by:</u>					
Restricted Funds	12	4,835	15,330	4,835	15,330
Unrestricted Funds		873,227	895,699	555,313	647,912
<u>TOTAL FUNDS</u>					
	13	<u>878,062</u>	<u>911,029</u>	<u>560,148</u>	<u>663,242</u>

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

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



Dr. M McGrady, Director

2 Nov 2010

Dated

Company Number SC209393

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTSAt 28th February 20101. ACCOUNTING POLICIES1.1 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 April 2008), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006.

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 the Companies Act 2006 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 20101.5 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 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.

1.7 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.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20101.8 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.

1.9 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 ¹ / ₃ %	Straight Line
Motor Vehicles	- 25%	Reducing Balance

No depreciation is provided in respect of freehold land.

1.10 Investments

Investments are stated at cost.

1.11 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.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20102. 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.

3. 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>Funds</u>	<u>2010</u> £	<u>2009</u> £
UK Donations etc	75,051	4,612	79,663	77,105
Outwith UK Donations etc	-	11,256	11,256	17,077
	<u>75,051</u>	<u>15,868</u>	<u>90,919</u>	<u>94,182</u>

3.2 COMMERCIAL TRADING INCOME

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>2010</u> £	<u>2009</u> £
Consultancy Income (see note 8)	<u>1,160,340</u>	<u>-</u>	<u>1,160,340</u>	<u>949,572</u>

3.3 INVESTMENT INCOME

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>2010</u> £	<u>2009</u> £
Bank interest	<u>333</u>	<u>-</u>	<u>333</u>	<u>12,445</u>
 TOTAL INCOME	 <u>1,235,724</u>	 <u>15,868</u>	 <u>1,251,592</u>	 <u>1,056,199</u>

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2010**3.4 DETAILED INCOME ANALYSIS**

	<u>Unrest'ed Funds</u>	<u>Restricted Fund</u>	<u>2010 £</u>	<u>2009 £</u>
Voluntary Income				
- General donation	-	-	-	-
Trading Activities				
- NRP Ltd Consultancy	1,160,340	-	1,160,340	949,572
Investment income				
- Bank Interest	333	-	333	12,445
Charitable Activities				
-CNPA	-	-	-	5,000
-Denver Zoo	-	801	801	-
-Five Oceans	3,640	-	3,640	-
-Ford Foundation	-	1,762	1,762	-
-Fundacion Aquila	-	-	-	1,623
-Haworth	-	-	-	6,000
-L&B Raptor Studies	-	500	500	553
-Los Angeles Zoo	-	3,089	3,089	2,025
-Marine Fisheries	-	-	-	10,000
-Mull & Iona Trust	-	-	-	3,000
-National Birds of Prey	-	-	-	2,507
-Peregrine Fund	-	-	-	-
-Petroleum Development	-	-	-	3,477
-RSPB	390	-	390	1,200
-San Diego Zoo	-	5,604	5,604	9,470
-Scot Natural Heritage	30,500	-	30,500	35,000
-Wind Energy	37,507	-	37,507	13,127
-Others	3,014	4,112	7,126	1,200
TOTAL INCOME	<u>1,235,724</u>	<u>15,868</u>	<u>1,251,592</u>	<u>1,056,199</u>

The donations from Natural Research (Projects) Limited to Natural Research Limited are not included in the detailed income above as they are cancelled out on consolidation. During the year £92,500 of general donations were passed from the subsidiary to the parent company.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20104. RESOURCES EXPENDED4.1 RESEARCH EXPENDITURE

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2010</u>	<u>2009</u>
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
Staff costs	159,331	-	159,331	149,984
Subcontractors	25,493	4,624	30,117	77,250
Motor Expenses	4,305	-	4,305	3,461
Field Equipment	52,793	16,027	68,820	39,560
Accommodation & Subs	4,931	7,720	12,651	14,768
	<u>246,853</u>	<u>28,371</u>	<u>275,224</u>	<u>285,023</u>

4.2. ADMINISTRATION COSTS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2010</u>	<u>2009</u>
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
Admin wages	65,734	-	65,734	23,407
Directors salaries	25,121	-	25,121	45,743
Employers NIC	9,675	-	9,675	7,036
Pension costs	6,565	-	6,565	8,225
Death in service etc	20,000	-	20,000	-
Staff training	1,375	-	1,375	170
Office rent & rates	27,743	-	27,743	26,460
Insurance	13,463	-	13,463	15,859
Repairs and renewals	10,700	-	10,700	13,073
Consumable equipment	33,837	-	33,837	9,946
Printing, post etc	12,178	-	12,178	11,219
Telephone	9,638	-	9,638	4,472
Legal & professional	10,512	-	10,512	14,628
Accountancy, tax fee	6,178	-	6,178	5,667
Audit fees	3,797	-	3,797	3,287
Bookkeeping expenses	1,481	-	1,481	2,499
Bank charges	859	-	859	708
Bad debts	-	-	-	-
Sundry expenses	17,344	-	17,344	7,672
Depreciation	41,236	-	41,236	28,815
Loss on disposals	10,041	-	10,041	2,515
Bank interest	-	-	-	-
Course fees	2,904	-	2,904	1,417
Exchange rate (gain)	1,313	-	1,313	(3,307)
	<u>331,694</u>	<u>-</u>	<u>331,694</u>	<u>229,511</u>

4.3 COMMERCIAL TRADING EXPENSES

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2010</u>	<u>2009</u>
	<u>Funds</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£
Subcontractors fees	87,811	-	87,811	77,440
Project costs	135,795	-	135,795	103,412
Project wages	416,247	-	416,247	280,756
Employers NIC	37,788	-	37,788	26,180
	<u>677,641</u>	<u>-</u>	<u>677,641</u>	<u>487,788</u>
TOTAL EXPENDITURE	<u>1,256,188</u>	<u>28,371</u>	<u>1,284,559</u>	<u>1,002,322</u>

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 20105. STAFF COSTS

The following staff costs are included in group expenditure:

	<u>2010</u> £	<u>2009</u> £
Directors remuneration	65,971	75,423
Wages and salaries	589,124	406,125
Social security costs	56,619	43,533
Pension costs	28,747	16,250
	<u>740,461</u>	<u>541,331</u>
	=====	=====

The details of the directors' remuneration and pension payments are disclosed in the Related Parties note 14.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2009- 1).

The staff costs above have been allocated over the following headings:

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>Total</u>	<u>2009</u>
Research Expenses	159,331	-	159,331	149,984
Commercial Activities	454,035	-	454,035	306,936
Administration	127,095	-	127,095	84,411
	<u>740,461</u>	<u>-</u>	<u>740,461</u>	<u>541,331</u>
	=====	=====	=====	=====

The average number of fulltime employees employed during the year was as follows;

	<u>2010</u>	<u>2009</u>
Research activities	4	4
Commercial activities	15	12
Administration	4	3
	<u>23</u>	<u>19</u>
	==	==

While undertaking work for the group two of its directors incurred expenses mainly relating to travel. These expenses were reimbursed in full and have been disclosed in the Related Party note 14.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2010**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. The donations paid to the charity after the year-end have been utilised as non-trade charges against the subsidiary's profits and thus there is no corporation tax liability in the current year.

	<u>2010</u> £	<u>2009</u> £
<u>Domestic current year tax</u>		
UK corporation tax	-	-
Adjustment for previous year	-	-
	<u> </u>	<u> </u>
<u>Current tax charge</u>	-	-
<u>Deferred tax</u>		
Deferred tax charge for current period	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

7. TANGIBLE FIXED ASSETS - GROUP AND CHARITY

	<u>Land & buildings</u> £	<u>Group Plant & machinery</u> £	<u>Total</u> £	<u>Charity Total</u> £
<u>Cost</u>				
At 1st March 2009	10,000	135,615	145,615	-
Additions	-	68,445	68,445	-
Disposals	-	(4,500)	(4,500)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 28th February 2010	<u>10,000</u>	<u>199,560</u>	<u>209,560</u>	<u>-</u>
<u>Depreciation</u>				
At 1st March 2009	-	74,688	74,688	-
Charge for the year	10,000	41,236	51,236	-
On disposals	-	(2,609)	(2,609)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 28th February 2010	<u>10,000</u>	<u>113,315</u>	<u>123,315</u>	<u>-</u>
<u>Net book value</u>				
At 28th February 2010	<u>-</u>	<u>86,245</u>	<u>86,245</u>	<u>-</u>
At 28th February 2009	<u>10,000</u>	<u>60,927</u>	<u>70,927</u>	<u>-</u>

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2010

8. <u>INVESTMENTS - CHARITY</u>	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Natural Research (Projects) Limited	<u>1</u>	<u>1</u>

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>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Turnover	1,160,340	949,572
Cost of sales	677,641	487,788
Gross profit	<u>482,699</u>	<u>461,784</u>
Administrative expenses	(320,076)	(223,300)
Interest receivable	4	2,184
Interest payable	-	-
Corporation tax	<u>162,627</u>	<u>240,668</u>
Gifted to the charity	<u>92,500</u>	<u>448,500</u>
Retained in the company	<u>70,127</u>	<u>(207,832)</u>

The Assets and Liabilities of the subsidiary were:

	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Tangible fixed assets	86,245	70,927
Current assets	337,131	246,856
Creditors due within 1 year	423,376	317,783
Provisions for liabilities	(105,461)	(69,995)
Total net assets	<u>317,915</u>	<u>247,788</u>
Aggregate share capital and reserves	<u>317,915</u>	<u>247,788</u>

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 2010

9. <u>DEBTORS</u>	<u>Group</u>		<u>Charity</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Trade debtors	265,608	197,898	-	-
Recharge to subsidiary	-	-	31,358	-
Other debtors	24,936	25,510	13,980	14,326
	<u>290,544</u>	<u>223,408</u>	<u>45,338</u>	<u>14,326</u>

10. <u>CREDITORS</u>	<u>Group</u>		<u>Charity</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Bank overdraft	-	-	-	-
Trade creditors	7,824	23,074	-	-
Taxes and Social Security	46,493	24,752	4,260	640
Other Creditors	38,071	44,101	14,025	21,292
Amount due to subsidiary	-	-	7,136	2,175
	<u>92,388</u>	<u>91,927</u>	<u>25,421</u>	<u>24,107</u>

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 holds a personal guarantee up to £10,000 from Dr. M. McGrady.

11. <u>PROVISIONS FOR LIABILITIES AND CHARGES - GROUP</u>	<u>Deferred Tax liability</u>
	£
Balance at 1st March 2009	-
Charge for period	-
	<u>-</u>

The deferred charge liability is made up as follows:

	<u>2010</u>	<u>2009</u>
	£	£
Accelerated capital allowances	-	-
	<u>-</u>	<u>-</u>

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 201012. RESTRICTED FUNDS

The company 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;

<u>Fund</u>	<u>01/03/09</u>	<u>Income</u>	<u>Expenses</u>	<u>Transfers</u>	<u>28/02/10</u>
	£	£	£	£	£
Cambodia Fund	4,130	-	3,439	-	691
Golden Eagles	1,200	2,695	3,476	-	419
MM Field Research	-	1,917	-	-	1,917
Mull & Iona	10,000	-	10,738	738	-
Sooty Falcons	-	1,762	755	-	1,007
Stellar Eagles	-	8,693	9,963	1,270	-
Vultures	-	801	-	-	801
Total	15,330	15,868	(28,371)	2,008	4,835

The Cambodia funds relate to monies given to fund a trip to Cambodia to undertake conservation work.

There are various projects undertaken in relation to golden eagles, including work on DNA analysis, tagging and satellite tracking.

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

The Mull and Iona Trust donated money to fund research into white tailed sea eagle tracking. The expenditure on this fund related mainly to costs of tagging.

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

13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>2010</u>
	<u>fund</u>	<u>funds</u>	<u>£</u>	<u>£</u>
	£	£		
Tangible Fixed Assets	86,245	-	86,245	70,927
Investments	-	-	-	-
Debtors	290,544	-	290,544	223,408
Cash at Bank	565,290	28,371	593,661	708,621
Creditors	(92,388)	-	(92,388)	(91,927)
Provisions	-	-	-	-
	<u>849,691</u>	<u>28,371</u>	<u>878,062</u>	<u>911,029</u>

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 201014. 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.

	<u>2010</u> £	<u>2009</u> £
<u>Dr M. Madders</u>		
- Remuneration from NR(P) Ltd relating to work on consultancy projects	24,121	44,744
- Pension payments from NR(P) Ltd	1,115	1,907
- Expenses for travel etc from NR(P) Ltd	-	89
<u>Dr M McGrady</u>		
- Remuneration from NR Ltd relating to work on research projects	40,850	29,680
- Expenses for travel etc from NR(P) Ltd	-	1,219
- Expenses for travel etc from NR Ltd	13,622	15,014
<u>P. Stirling-Aird</u>		
- Remuneration from NR(P) Ltd	1,000	1,000
- Rent paid to family trust	6,900	6,400

Remuneration is paid to directors under the authority of the Articles of Association of the charity.

NATURAL RESEARCH LIMITEDNOTES TO THE ACCOUNTS (continued)At 28th February 201015. 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>2010</u>	<u>2009</u>
	£	£
Audit fees	3,797	3,287
Accountancy services	6,178	5,667
Bookkeeping & payroll services	1,481	2,499
Other fees	4,505	500
	<u>15,961</u>	<u>11,953</u>

The audit fees of the charity are charged to governance costs within the Statement of Financial Activities.

16. Financial commitments

At 28th February 2010 the subsidiary company was committed to making the following payments under non-cancellable operating leases.

	<u>2010</u>	<u>2009</u>
	£	£
Operating leases which expire;		
Within one year	13,480	13,480
Between two and five years	34,823	48,303
	<u>48,303</u>	<u>61,783</u>

The above payments represent the rent payable under the five year lease of the premises at Brathens. In addition to this the subsidiary company also pays a quarterly service charge on the premises.