

**Scotland and Northern Ireland Forum for
Environmental Research**

**(Limited by guarantee)
Directors' report and financial
statements**

**Registered number 149513
Scottish charity number SCO22375
25 October 2002**



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COMPANIES HOUSE 11/11/02

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2002.

Incorporation

The company was incorporated on 10 March 1994 as a company limited by guarantee and not having a share capital.

Principal activities

The company's principal activities are:

- the protection, conservation and amelioration for the public benefit of the natural environment;
- the promotion of scientific research in the areas of water, waste, air and the environment and the subsequent dissemination of the results of such research undertaken;
- the advancement of education for the public benefit and, in particular, the advancement of education in ecological and environmental studies.

Business review

During the year the Scotland and Northern Ireland Forum for Environmental Research ('SNIFFER') continued to implement its new strategy based on a thematic approach to research management. Significant developments were made with the first of the themes, on the Implementation of the Water Framework Directive - which started during the previous financial year. Several workshops were held and through a process of consultation, over 20 research needs were identified, and 12 project specifications developed during the financial year. Within this theme a total of four contracts were awarded. Considerable collaborative income (around £260,000) was secured, some as pre-payments for work to be awarded during 2002/03.

Having identified key learning points from a review of the introduction of the first theme, SNIFFER launched three new themes during 2001/02 namely: resource management, air quality and land quality. Each theme is managed by staff working on behalf of SNIFFER.

SNIFFER has continued to be proactive in influencing UK programmes of research (value £3.4 million) covering waste management, process industries regulation, land quality and radioactive substances regulation. Two research managers have been employed by SNIFFER, funded from these UK research funds, to ensure that research within these four programmes is of relevance to Scotland and Northern Ireland. During the year SNIFFER has taken the lead in four projects (value £250,000 over 2 years) funded through the 2002/03 programmes.

In parallel with the introduction of the thematic approach, SNIFFER has continued to manage a programme of individual research contracts most of which were initiated prior to June 2000. An information manager was employed in December 2001 to oversee this programme of research, to ensure the effective management of this programme and appropriate targeting of research outputs. There have been 25 outputs produced during the period.

SNIFFER continued to act as a research forum and during the year hosted an air quality research workshop in addition to Water Framework Directive related workshops

The business of the company has been delegated on a daily basis to the development manager, who was appointed as Managing Director during the year.

Financial review

Expenditure on the programme of research which commenced prior to the introduction of the thematic approach has decreased as planned, in line with the completion of projects in this programme. In parallel, expenditure has commenced within the first theme, namely the implementation of the Water Framework Directive). In view of the fact that many contracts within this theme were not placed until later in the financial year, and that the three new themes are still at the development stage, research expenditure was lower than in previous years. However, the development phase for each theme is critical for establishing strong foundations – both for defining research needs and for identifying potential partnerships.

Income

With the prior agreement of the board, reduced subscriptions were received from certain members during the financial year to ensure that SNIFFER is not accumulating research funds above those required to commission research during the year.

Additional funding was secured for the Water Framework Directive theme for 2001/2002.

Directors and directors' interests

The directors who held office during the year were as follows:

Mr P Wright (chairman)

Dr R Ramsay

Mr W Halcrow

Ms P Henton

Mr J Gray

Mr K Ledgerwood

Ms R Wolstenholme (appointed May 2002)

Secretary

TM Company Services Ltd

Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers

Lloyds Bank
Hanover Street
Edinburgh

Royal Bank of Scotland
St Andrew Square
Edinburgh
EH2 2YB

Solicitors

Tods Murray
66 Queen Street
Edinburgh
EH2 4NE

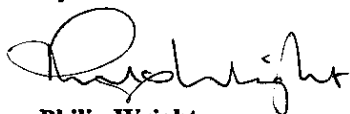
Registered office

66 Queen Street
Edinburgh
EH2 4NE

Auditors

KPMG were appointed auditors on 25 October 2001. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 10 May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Philip Wright
Director

66 Queen Street
Edinburgh
EH2 4NE
25 October 2002

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its activities.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom

Report of the independent auditor's to the members of the Scotland and Northern Ireland Forum for Environmental Research

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company as at 31 May 2002 and of its income and of its surplus of income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

28 October 2002

Income and expenditure account
for the year ended 31 May 2002

	Note	2002 £000	2001 £000
Income			
Subscriptions	2	573	405
Collaborative Research		33	276
UK Programme 1		114	6
UK Programme 2		34	5
Water Framework Directive Theme (WFD)		77	-
Non Theme		28	-
Land Theme		2	-
Sundry Income		3	17
Interest Receivable		23	32
		887	741
Expenditure			
Research Programme		(76)	(1,112)
Research and development coordination	3	-	(99)
Management Costs	4	(87)	(28)
UK Programme 1		(113)	-
UK Programme 2		(31)	-
WFD Theme		(169)	-
Non Theme		(28)	-
Land Quality Theme		(31)	-
Air Quality Theme		(8)	-
Resource Theme		(6)	-
Audit fee		(5)	(3)
Office and administration costs	5	(67)	(91)
		(621)	(1,333)
Net income / (expenditure) for the year	9	266	(592)

Other than the surplus for the year there were no other recognised gains or losses.

The surplus for the year relates wholly to continuing activities

The notes on pages 8 to 12 form part of these financial statements.

Balance sheet
at 31 May 2002

	<i>Note</i>	2002 £000	2001 £000
Current assets			
Debtors	6	114	310
Cash at bank and in hand		1,466	1,014
		<u>1,580</u>	<u>1,324</u>
Creditors: amounts falling due within one year	7	(1,391)	(1,276)
amounts falling due after more than one year	8	-	(125)
		<u>(1,391)</u>	<u>(1,401)</u>
Net assets/(liabilities)		<u>189</u>	<u>(77)</u>
Reserves			
Revenue reserves	9	<u>189</u>	<u>(77)</u>

These financial statements were approved by the board of directors on 25 October 2002 and were signed on its behalf by:



Philip Wright
 Director



Ruth Wolstenholme
 Managing Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules. No Statement of Financial Activities, as recommended by the '*Statement of Recommended Practice - Accounting for Charities*', has been prepared, since in the opinion of the directors its inclusion would not be helpful to the readers of the accounts.

Company status

The company was incorporated on 10 March 1994 as Scotland & Northern Ireland Forum for Environmental Research. The company is limited by guarantee of the members and does not have share capital. The liability of the members is limited to an amount not exceeding £1 each in the event of the company being wound up while a member, or within one year of ceasing to be a member.

Subscription income

Subscriptions are for a period of twelve months, paid half yearly, and are credited to the income and expenditure account in the period in which they are due.

Research and development

Expenditure on research and development is charged to the income and expenditure account in the year in which the contracts are placed.

Taxation status

The company is recognised by the Inland Revenue as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988 with effect from 10 March 1994. The Scottish charity number is SC022375.

Cash flow statement

Companies entitled to the filing exemption for small companies, under Sections 246 to 249 of the Companies Act 1985, are granted exemption from the requirement to prepare a cash flow statement. The company is a small company under these sections, and accordingly a cash flow statement has not been prepared.

Notes (continued)

2 Subscriptions

	2002 £000	2001 £000
Environment & Heritage Service	190	115
Scottish Environment Protection Agency	350	260
Scottish Executive	11	10
Scottish Natural Heritage	11	10
Forestry Commission	11	10
	573	405

3 Research and development coordination

	2002 £000	2001 £000
Salaries	-	86
Travel & Subsistence	-	13
	-	99

The restructuring of SNIFFER in terms of adopting a theme based approach to research means this is no longer an appropriate categorisation of expenditure; staff costs are now included under management costs and appropriate theme headings.

4 Management Costs

	2002 £000	2001 £000
Staff Costs	60	-
Company Secretary	11	12
Finance & Procurement	16	16
	87	28

The Company Secretary and Finance and Procurement Costs were previously shown under office costs

5 Office and administration costs

	2002	2001
	£000	£000
Office expenses	32	20
Travel and subsistence	-	3
Training/Conferences	11	4
Annual Report	4	4
Consultancy	5	9
Subscriptions	-	4
Furniture and Fittings	-	8
Recruitment	2	11
Publications	4	4
IT Systems	7	15
Other expenses	2	3
Legal	-	6
	<u>67</u>	<u>91</u>

The Company Secretary and Finance and Procurement Costs are now shown under management costs

6 Debtors

	2002	2001
	£000	£000
Trade Debtors	4	307
Prepayments	4	3
VAT	106	-
	<u>114</u>	<u>310</u>

Notes (continued)

7 Creditors due within one year

	2002 £000	2001 £000
Trade Creditors	15	184
<i>Accruals:</i>		
Research Programme	495	625
WFD	96	-
UK Programme 1	90	-
UK Programme 2	8	-
Air Quality Theme	2	-
Resource Theme	2	-
Land Quality Theme	18	-
Non Theme	28	-
Other	33	12
<i>Deferred Income:</i>		
Water Framework Directive	486	300
UK Programme Management	-	34
Non Theme	17	-
Subscriptions	11	21
Collaborative Income	-	21
VAT	90	72
VAT	-	7
	<u>1,391</u>	<u>1,276</u>

8 Creditors due after more than one year

	2002 £000	2001 £000
<i>Accruals:</i>		
Research programme	-	90
<i>Deferred income:</i>		
UK programme management	-	35
	<u>-</u>	<u>125</u>

9 Reconciliation of movements in reserves

	£000
Revenue reserves at 31 May 2001	(77)
Surplus/ (Deficit) for the financial year	<u>266</u>
Revenue reserves at 31 May 2002	<u>189</u>

Notes *(continued)*

10 Directors emoluments

The remuneration of the highest paid employee is as follows:

	2002	2001
	£	£
Managing Director	36,900	-

The amount paid in pension contributions in respect of the highest paid employee is as follows:-

	2002	2001
	£	£
Managing Director	2,878	-

The other directors received no remuneration from the company during the year.

11 Called up share capital

SNIFFER has no share capital, the liability of each member being limited by guarantee to the sum of £1.