

Sniffer

**(Formerly Scotland & Northern Ireland Forum
for Environmental Research)**

Trustees' report and financial statements

31 March 2012

Registered number SC149513

Scottish charity number SC022375



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Company information

Charity name	Sniffer (Formerly Scotland & Northern Ireland Forum for Environmental Research)
Charity registration number	SC022375
Company registration number	SC149513
Board of directors	Mr P Wright (Chairman) - resigned 1 October 2012 Mr C Garvie (Chairman from 1 October 2012) Ms R Wolstenholme Mr A Llanwarne Mr I Shearer Dr R Dixon Prof J Webb - appointed 25 November 2011 Prof J Curran - resigned 25 November 2011 Mr K Ledgerwood - resigned 31 March 2012
Company Secretary	D Dunsire
Senior staff	Ms R Wolstenholme, Managing Director
Principal office	Greenside House 25 Greenside Place Edinburgh EH1 3AA
Registered office	Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9AG
Auditors	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Tods Murray LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9AG

Trustees' report

Structure, governance and management

Governing document

The organisation is a company limited by guarantee, not having share capital, and is registered as a charity. The company is established under a Memorandum of Association which establishes the objects and powers of the company and is governed under its Articles of Association. 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.

Membership of the company is regulated by the Articles of Association. Membership of the Company shall be open to such persons as may be approved by the Trustees.

The charity is regulated by the Office of the Scottish Charity Regulator.

Public Benefit

The Company provides direct public benefit by:

- Co-ordinating projects that relate to the protection, conservation and amelioration of the environment.
- Facilitating wide engagement in consideration of the environment and sustainable development.

Funding from a variety of partners promotes the knowledge in the company and gives access for new groups to the services.

The company provides public benefit through promoting knowledge and partnerships for sustainability and resilience across society.

Recruitment and appointment of Trustees

The directors of the company are also charity trustees for the purpose of charity law. The number of directors is not subject to any maximum with a minimum of two.

The Board includes trustees with traditional business skills as well as those with expertise in the regulatory and policy environments within which the company operates. The Board keeps the skill requirements of the trustee body under review.

Trustee induction and training

Existing trustees are already familiar with the practical work of the charity. New trustees are taken through a number of meetings with the Managing Director and Chairman, to cover the direction of the charity, its charitable objectives and financial position.

Organisational structure

The company has a Board of Trustees who meet quarterly and more frequently when need arises. The trustees are responsible for the strategic direction and policy of the charity. At present, the Board has seven members.

A scheme of delegation is in place and day-to-day responsibility for the provision of services rests with the Managing Director, supported by company staff.

Internally, a Business Team meets at least monthly to review business development and business delivery.

Some of the principal funders are members of the Company. Where employees of such funders are trustees, at each Board meeting any potential conflicts of interest are raised, considered and recorded.

Risk management

The code of governance, code of conduct and conflict of interest policy are in place. Risks to the company are considered at each Board meeting.

Trustees' report *(continued)*

Objectives and activities

The objects of the company are:

- (i) The protection, conservation and amelioration of the environment for public benefit, including improved wellbeing and quality of life;
- (ii) The facilitation of the active engagement of relevant sectors of society, including government and industry, in the consideration of the environment and sustainable development; and
- (iii) The identification of knowledge gaps, the promotion of research and the dissemination and exchange of knowledge from such research and activities undertaken and advancement of education.

The company is a charity delivering knowledge-based solutions to resilience and sustainability issues. The company create and use breakthrough ideas and collaborative approaches across sectors, to make Scotland a more resilient place to live, work and play. Through innovative partnership approaches the company share good practice, synthesise and translate evidence, commission new studies and target communications, guidance and training.

The company's annual activities are outlined in an internal business plan. Trustees review performance against this plan. The Business Plan provides a one year summary of intended activities. It sets out the targets associated with the objectives outlined in the three year Corporate Plan. It includes a summary for each of the services the company delivers. The highest priorities for the company during the financial year were:

1. To develop new business – through repeat business with existing customers and new opportunities
2. To continue to deliver successfully on contracted services and projects to the known satisfaction of our customers.
3. To consolidate internally, with increased team working and staff awareness of the company's offering
4. To take a proactive approach to add value beyond our facilitation role, drawing on the intellectual capital within the company.
5. To raise our profile and extend our reach through a managed communications plan.

Achievements and future plans - brokering knowledge for a resilient Scotland

The last year has been one of significant change for Sniffer. Midway through 2011/2012 we undertook a strategic review, looking at the charity's positioning given the changing market place and greater competition for ever shrinking public and private funding sources.

As a result of this review the Trustees agreed to consolidate our efforts, focusing on where Sniffer was perceived to most add value and provide a distinctive service. Sniffer's core work is to broker knowledge for a resilient Scotland, and create and facilitate collaborations to benefit Scotland.

Given the synergies between many of the work areas we are moving away from discrete services and towards managed knowledge hubs.

The purpose of our knowledge hubs is to create a productive but neutral space where stakeholders can address key challenges with the aim of moving towards a more resilient Scotland. Sniffer will bring in stakeholders who want to address key challenges and will facilitate the conversations to explore and prioritise knowledge gaps and needs, and will be part of the process by which solutions can be delivered. Solutions may be in sharing good practice, collating, synthesising and translating the evidence base or targeting communication and guidance tools to those who will use these.

Our hubs will be designed to connect with ongoing initiatives, and to learn from and share with these. Our aim is to act as a broker in the process, ensuring greater collaboration so that organisations and communities are better equipped to help Scotland become more resilient.

Trustees' report *(continued)*

Achievements and future plans - brokering knowledge for a resilient Scotland *(continued)*

As a result of these changes, subscription-based income was phased out during 2011/2012. This means a move to full cost recovery for all services.

As a consequence of this decision, SNIFFER (Scotland & Northern Ireland Forum for Environmental Research) rebranded as **Sniffer**, ie dropping the full name, and with a strap line of 'knowledge brokers for a resilient Scotland'.

The charity ceased to have a presence in Northern Ireland from the end of the financial year, and did not bid for future work with Climate Northern Ireland.

Throughout this period of change, Sniffer continued to deliver all its retained projects and programmes, with notable achievements.

The expenditure on research and knowledge services during the year was £1.4m, with the value of the European projects and programmes handled amounting to an additional €0.1m.

The report of achievements below shows the breadth of Sniffer's work and a sense of how we contribute to making Scotland a more resilient place to live, work and play.

Climate resilience

Adaptation Scotland (formerly SCCIP)

Sniffer manages Adaptation Scotland and provides advice and support to help prepare Scotland for, and be resilient to the impacts of climate change. As such Adaptation Scotland plays a key role in delivering the Scottish Government's policies and statutory obligations aimed at achieving a climate resilient Scotland. The service has four staff, three based at Sniffer with the other based at SEPA.

Adaptation Scotland has worked with a range of partners across all sectors and has a considerable number of achievements over the year, including:

- **Plan and deliver first annual Adaptation Scotland conference** in June 2011. Approximately 200 people from all sectors provided with an overview of the key drivers for climate change adaptation, the progress being made across various sectors and the priorities for the next few years.
- Stewart Stevenson MSP launched Adaptation Scotland's **Public sector guidance** – "Adapting to Climate Change: An introduction for Public Sector policy makers, resource managers & practitioners".
- **Public sector workbook** – Adaptation Scotland's "Climate Change Adaptation Workbook" launched by Stewart Stevenson MSP later updated to include new case studies and information. Scottish Government, councils including the City of Edinburgh Council and Glasgow City Council and Sustainable Scotland Network Members have committed to using the workbook. The workbook has been used by the Welsh Government as a basis for statutory adaptation guidance and the Northern Ireland Assembly is intending to develop a version.
- **An online Community of Practice** - a networking site aimed at practitioners to provide ready access to a wide range of information and experience. The community has over 100 members from across the public, private and community sectors.
- **Glasgow Climate Change Partnership**: a stakeholder engagement workshop for Glasgow Climate Change Partnership members to make recommendations on the partnership could advance its work on climate change adaptation. Made available for Adaptation Scotland stakeholders through the online community of practice.
- **An adaptation game** as a fun and interactive way to learn about climate change impacts and decision-making. Initially developed for the Transport Scotland annual staff conference, the game has been developed for use in other areas.
- **The UK Climate Change Risk Assessment and Adaptation Sub-Committee reports for Scotland** – Adaptation Scotland has provided both generic and technical comment on these milestone reports for Scotland. The reports will be important documents in framing future adaptation action and the statutory Scotland Adaptation Programme (2013).

Trustees' report *(continued)*

Climate resilience *(continued)*

Adaptation Scotland (formerly SCCIP) *(continued)*

- **Public Sector Climate Action Group (PSCAG), Officer Support Group** - Membership of this group will allow Adaptation Scotland to provide support for PSCAG members as they develop their adaptation work and will inform how Adaptation Scotland develops its Public Sector Work Programme.
- **Headline messages for Scotland** in support of the Scottish Adaptation Programme to identify adaptation actions that will make Scotland less vulnerable to climate change.
- Collaboration with **Scotland's Environment** website to develop a climate change 'theme' within SEWeb for past climate trends and future projections.
- **Local Authority adaptation report** provides an overview of local authority climate change adaptation work in partnership with SSN, CoSLA and the Carbon Trust. The report identifies how Adaptation Scotland can best support local authority adaptation work in the future.
- Review of **community engagement and adaptation**.
- Creation of the **Climate Ready Clyde** project which is a unique multi-sector project aimed at helping organisations across Glasgow and the Clyde Valley work together to understand and respond jointly to the challenges and opportunities that the region faces as a result of projected changes in the climate. The project builds on community level work through the A9 partnership.
- Attending the **2020 Climate Group Business Engagement Sub-Group** to promote climate change adaptation.

Provide advice and support to businesses that want to build resilience to the impacts of climate change or take advantage of the opportunities.

Climate Northern Ireland (previously NICCIP)

Sniffer provided the secretariat for Climate Northern Ireland until 31 March 2012. This work was funded by Department Of Environment for Northern Ireland.

The period was a busy one for the partnership, coinciding with the publication of the UK's Climate Change Risk Assessment, and progress towards development of Northern Ireland's Climate Change Bill. Climate Northern Ireland supports departments as they develop adaptation action plans to feed into the Northern Ireland Adaptation Plan and seek to widen awareness of climate change adaptation across all sectors. Key achievements during the year included:

- **Development of partnership website** – www.climateinthernireland.org.uk
- **Public sector guidance document** - With the support of Adaptation Scotland and West Midland Climate Change Adaptation Partnership, Climate Northern Ireland launched a public sector adaptation guidance document in February 2012.
- **"Adapting to Climate Change: An introduction for policy makers, resource managers and practitioners"** (8 page A4 booklet) introduces the public sector to climate change adaptation through exploring recent and projected changes in Northern Ireland's climate, climate vulnerability, key opportunities and threats from climate change and signposting of resources that may support adaptation action. www.climateinthernireland.org.uk/publications
- **Business sector guidance document and information notes** – The partnership developed an overview document – **"Helping businesses adapt to our changing climate"** (2 sided A4 booklet) - aimed at the private sector to introduce the key climate projections and business opportunities and threats from climate change, with links to further resources.
- **Climate Change Adaptation Conference** - The **"Impacts of Climate Change on Northern Ireland"** Conference, jointly organised by the Department of the Environment and Climate Northern Ireland, and held in February 2012 represented the partnership's first public event. With over 180 delegates attending, representing all government departments and many public bodies, in addition to NGOs.

Trustees' report *(continued)*

Climate resilience *(continued)*

ClimateXChange

Sniffer hosts two members of the secretariat for ClimateXChange - Scotland's Centre of Expertise on Climate Change. The Centre's remit is to give Scottish Government policy teams and public agencies access to the most robust evidence available to support the design and implementation of effective policies on climate change and the transition to a low carbon economy. The virtual network undertakes focused, policy-aligned research – where gaps exist – and collates, synthesises and translates existing research

The ClimateXChange secretariat offers a **Call-Down Service** to Scottish Government policy teams.

Some recent enquiry responses:

- Summary of research relevant to Adaptation to Climate Change in the Agricultural Sector in Scotland
- Brief on Blue Carbon
- Review of Strategies for Adapting to Climate Change
- Potential Emissions Abatement from Peatland Restoration

The secretariat is also developing a **Directory of Expertise** which will map climate change expertise across Scotland and be a valuable resource for a range of users.

Communities and climate resilience

Sniffer held a workshop in February to explore opportunities for providing a service to ensure that communities are better informed and involved in decisions relating to climate resilience. This has been a spring board for a number of conversations and joint meetings with Keep

Scotland Beautiful, with the intention of greater partnership working.

Sustainable cities

Sniffer completed our coordinating role in the **URBAN-NET** project funded by the European Commission's Framework programme 6. This project involved 16 national partners across Europe, with the aim of coordinating national research programmes to address urban sustainability through transnational collaborations at a European level.

Key achievements of the project during 2011/2012 were:-

- Continued research funding for five urban sustainability projects involving 10 European partners on:- **consumer logistics, ecosystem services in urban planning, heat stress in cities, participatory urban planning, sustainable retail planning**
- A number of reports including:
 - **"The Science-Policy Interface and Urban Research Uptake"**
 - Description of URBAN-NET's experience and lessons learnt from urban research collaborations across European partners: **"Experience from the URBAN-NET Pilot Call"**
 - **"Methodologies to strengthen the links between urban research and practice across Europe"**.
 - Proceedings of the project's final Stakeholder Workshop held in Sweden

Further to the success of URBAN-NET Sniffer has taken on a work package on urban climate resilience within **URBAN NEXUS** - a pan Europe project.

The overall purpose of URBAN-NEXUS is to enable knowledge transfer and dialogue to form long-lasting partnerships amongst researchers, practitioners, policy makers, civil society and SMEs. This will in turn promote integrated approaches to sustainable urban development. The work is a Coordination and Support Action funded by the European Framework Programme 7. Other topics covered by URBAN NEXUS and supported by Sniffer are **health and quality of life, sustainable land use, integrated urban management, integrated information and monitoring.**

Trustees' report *(continued)*

Sustainable cities *(continued)*

As part of its work package Sniffer has prepared an extensive review of recent research on urban climate resilience from across Europe into a document: "**Synthesis Report Urban Climate Resilience**" to inform discussions at a subsequent Dialogue Café.

Sniffer held a joint workshop with SEPA to provide early support and engagement to facilitate delivery of the Scottish Government's Agenda for Cities. The workshop was attended by sixty representatives from across Scottish Government, cities' local authorities, academia, agencies and the third sector, and provided priorities for focus in continued work on sustainable cities.

Environment and Health

Sniffer continued to lead on work under the "**Good Places Better Health**" project funded by the Scottish Government. This has involved working closely with public health and environment professionals to determine health effects on children from environmental factors. Sniffer completed input to the final project reports and evidence assessments from its work leading on the "Practice What Works" workstream. The final project report, published in December, "**Good Places Better health for Scotland's Children**" and its annexes provides a coherent synthesis of all Sniffer's and project partners input to this project.

Sniffer held a workshop to explore the broad connections and potential opportunities for future public research on the links between environment and health.

Resilient catchments

Sniffer continued to provide the UK coordination function for the UK Technical Advisory Group on **Water Framework Directive (WFD)**. Sniffer delivered a number of projects including:-

- Peer review of water resource and groundwater standards, specific pollutants, and wetland triggers
- Support for the intercalibration across European countries of classification tools for freshwater macrophytes and phytobenthos
- Develop ecological indicators of the effects of abstraction and flow regulation; and optimisation of flow releases from water storage reservoirs (to be finalised July 2012.) A second phase of work testing these indicators has started.
- Develop and review a transitional and coastal waters hydromorphology decision support tool for
 - a) screening proposed new or altered activities/ structures for compliance with WFD water body status and
 - b) classifying TRAC water under the WFD (to be finalised July 12)
- Two stakeholder workshops on developing environmental standards. The UKTAG environmental standards and conditions report is currently out for stakeholder consultation.
- The online resources for UKTAG have been built into a fresh new website. This site provides an enhanced and clearer facility and is able to direct users more efficiently.

Sniffer has completed a number of managed partnership projects related to how the Water Framework Directive is implemented:

- Classification of Canals under WFD
- Development of Fish Classification Tool for Use in Scotland and Ireland
- Further Developments of the River Invertebrate Classification Tool
- Environmental supporting conditions for Scottish wetlands phase 2

All reports associated with these projects are available on the Sniffer website www.sniffer.org.uk

Trustees' report *(continued)*

Resilient catchments *(continued)*

Sniffer has organised a number of training courses on the use of a methodology to assess the obstacles to fish posed by dams and weirs. These courses have mainly been designed for Fishery Trusts and regulatory agencies. This methodology is now being cited in a number of consent applications to SEPA.

During 2011/12 Sniffer managed a major partnership project scoping restoration options across four priority river catchments within Scotland. The desk study part of this project has been completed and Sniffer has been asked by SEPA to support some of the stakeholder consultation associated with prioritising the reaches of rivers for restoration. This will take place during 2012/13 prior to letting the contract for the on the ground restoration work.

Sniffer is managing the partnership and associated contract commissioned by SEPA, to scope options to improve the water quality in Strathclyde Loch before the Commonwealth Games.

Sniffer has been commissioned by SEPA to manage the partnership and associated contract looking at the economics of soils. We continue to manage a project developing a model to identify the effectiveness of measures to prevent diffuse pollution.

Sniffer's annual Flood Risk Management conference in February 2012 was a great success with around 200 attendees on both days. Scottish Government plan to commission Sniffer to deliver this event in both 2013 and 2014.

In September 2011, Sniffer designed and delivered an interactive workshop with around 60 attendees, supporting SEPA in developing its strategy on implementation of Natural Flood Management measures on the ground. Sniffer also organised a knowledge exchange event to share the outputs from the academic research consortia, FRMRCII, with Scottish stakeholders.

Sniffer has been commissioned by the Scottish Flood Forum to carry out a strategic review of its organisation and create a business plan and activity plan to support its aims going forward.

Sniffer has also been commissioned by Scottish Government to manage the partnership and associated contract to carry out LIDAR surveys across Scotland. The partnership is being developed with Scottish Government, SEPA, and a number of local authorities.

Regulation

Sniffer continued to manage a partnership-based research and knowledge exchange service for the environment agencies in the UK. This **Environmental Regulation Programme** delivers an annual portfolio of projects designed to meet the joint interests of the agencies and other users of the research in the UK and Republic of Ireland. Through engaging users we build the knowledge base while also delivering research outputs of common interest to the agencies. Each year a suite of projects is jointly planned by the agencies. A number of relevant projects have completed this past year. They cover a range of topics, including:

- Developing site relevant critical loads
- Demonstrating a methodology to summarise and track air-pollution effects on ecosystems at regional scales
- Assessing the effectiveness of regulatory activities at 'low-risk' sites and proposing good-practice guidelines
- Assessing carbon/ nitrogen ratios at various stages through different types of composting process

Trustees' report *(continued)*

Regulation *(continued)*

- The influence of land and soil management practices on nitrous oxide emissions from agricultural soils and the potential for mitigation.
- Tidal technologies: key issues across planning and development for environmental regulators

A further 11 projects are being delivered during 2012/13 in addition to a new programme portfolio.

Sustainable development

Ahead of The UN Conference on Sustainable Development, Rio+20, Sniffer was proactive in joining up with CIFAL Scotland, Scottish Business in the Community and Environment Link/Scottish Wildlife Trust to form an informal Rio+20 working group. The group has sought to raise the profile of sustainable development, and to jointly produce the document 'A Flourishing Scotland'– based on a participative stakeholder workshop hosted by the group. This document celebrates the progress Scotland has made since the first Earth Summit in 1992 and areas where greater ambition is required. This work resulted in parliamentary interest and a members' debate. Sniffer is looking to secure funding and build on this enthusiasm for the sustainability agenda.

Scottish Government policy support

Sniffer provided communications and information support services to the Scottish Government CAMERAS initiative (Coordinated Agenda for Marine, Environment and Rural Affairs Science). Achievements under this included:

- Producing a best practice guide to collaborative working
- Delivering a Scotland-wide awareness programme to the project partners

The CAMERAS work supported the Chief Scientific Adviser for Rural Affairs and the Environment through a programme of communications activities, analysis, monitoring and reporting. The activities included; designing and managing systems and processes to actively facilitate the communication of information and ideas among the wider community of scientists working within the CAMERAS partners and related Government organisations. It recognised the requirements of policy makers, drawing on wider sources of intelligence in order to add synergy, contribute to integrated science, and provide cost benefits to publicly funded science.

Financial review

Principal funding sources

The company received funding from three key sources:

- i. membership subscription which is a contribution towards core running costs
- ii. charges for knowledge management services– most often on a day rate basis as agreed with customers, or fixed amounts to deliver certain programmes
- iii. income for projects (typically research contracts) that are procured and managed by Sniffer

Income for (ii) and (iii) above is restricted and managed according to agreed contracts and deliver outputs and events as outlined above.

Reserves policy

Reserves are maintained that are sufficient to support our work as in some instances we may need to cover support costs. The company is moving to a full cost recovery basis.

Trustees' report *(continued)*

Plans for future periods

Sniffer's approach with knowledge hubs is being kept under active review, with the intention that all services within each hub be managed on a full cost accounting basis.

Sniffer will continue to promote its role as a knowledge broker and a facilitator for partnership working to address resilience and the sustainability issues. Sniffer will continue to develop its role across all sectors, and in particular focusing on working with communities and third sector as well as local authorities and private sector.

Sniffer will seek to raise its profile, through its new website and through the active work of the communications manager.

The Trustees recognise that recent changes and focus on new business requires a proactive approach in generating new business and confidence to raise the profile of the charity.

The priorities for 2012/2013 are to:

- Continue to deliver successfully on contracted services and projects to the measurable satisfaction of our customers
- Develop new business as a priority in the following hubs: climate resilience, sustainable cities, resilient catchments
- Develop business in the areas of environment and health and environmental regulation
- Maximise the use of all staff competencies to deliver the hub based approach, and identify and provide training to this end

Trustees' Responsibilities Statement

The trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' report *(continued)*

Auditors

A resolution to re-appoint Henderson Loggie as auditors of the company will be proposed at the Annual General Meeting.

Approval

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (issued in March 2005 as amended) and in accordance with special provisions of the Companies Act 2006 relating to small companies.

At the time of approving this report, the trustees are aware of no relevant audit information of which the company's auditors are unaware and have taken all steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board of trustees on 26 October 2012 and signed on its behalf by:



Ruth Wolstenholme

Trustee



HENDERSON LOGGIE

Chartered Accountants

34 Melville Street
Edinburgh
EH3 7HA
United Kingdom

Independent Auditor's Report to the Trustees and Members of Sniffer (formerly Scotland & Northern Ireland Forum for Environmental Research)

We have audited the financial statements of Sniffer (formerly Scotland & Northern Ireland Forum for Environmental Research) for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. 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 exclusively to the members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees 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 charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 10), the trustees (who are also the directors of the charitable company for the purposes of company 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 auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under 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 (APB's) Ethical Standards for Auditors.

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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.

Independent Auditor's Report to the Trustees and Members of Sniffer (formerly Scotland & Northern Ireland Forum for Environmental Research) (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

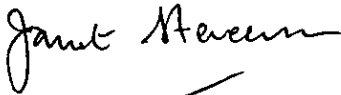
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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 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 in accordance with the small companies' regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.



Janet Stevenson

Senior Statutory Auditor

For and on behalf of Henderson Loggie, Statutory Auditors

Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Edinburgh

26. 10. 2012

Statement of financial activities
(including an income and expenditure account)
for the year ended 31 March 2012

	Notes	Unrestricted funds £000	Restricted funds £000	2012 Total funds £000	2011 Total Funds £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income – subscriptions		27	-	27	65
Investment income		9	-	9	7
Incoming resources from charitable activities	2	-	1,482	1,482	1,726
Other incoming resources		1	-	1	1
Total incoming resources		37	1,482	1,519	1,799
Resources expended					
<i>Costs of generating funds</i>	3	10	-	10	20
<i>Charitable activities</i>	4	10	1,560	1,570	1,766
<i>Governance costs</i>	5	7	-	7	18
Total resources expended		27	1,560	1,587	1,804
Net incoming/(outgoing) resources before transfers	8	10	(78)	(68)	(5)
Transfers					
<i>Gross transfers between funds</i>		(78)	78	-	-
Net movement in funds		(68)	-	(68)	(5)
Total funds as at 1 April 2011		352	-	352	357
Total funds as at 31 March 2012		284	-	284	352

There are no recognised gains or losses other than those stated above.

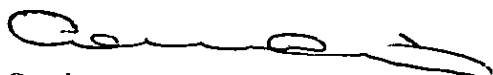
All of the above results are derived from continuing activities.

Balance sheet*at 31 March 2012*

	<i>Note</i>	2012 £000	2011 £000
Current assets			
Debtors	9	365	229
Cash at bank and in hand		2,330	2,050
		2,695	2,279
Creditors: amounts falling due within one year	10	(2,411)	(1,927)
Net assets		284	352
Capital and reserves			
Restricted funds	11	-	-
Unrestricted funds	11	284	352
Total funds	11	284	352

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

The financial statements were approved and authorised for issue by the board of trustees on 26 October 2012 and were signed on its behalf by:



Colin Garvie
Trustee

The notes on pages 16 to 21 form part of these financial statements.

Notes to the financial statements

(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 under the historical cost accounting rules and in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting and Reporting by Charities, as revised in 2005.

These financial statements are prepared on a going concern basis. The Company is moving towards full cost recovery and adequate reserves and the directors are satisfied that the business has sufficient funds for the 12 months from the signing of these accounts.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under special provisions of the Companies Act 2006 when filing accounts with the Registrar of Companies.

Income recognition

Income is recognised in the financial statements when it is quantifiable, the charity has legal entitlement and there is reasonable certainty of receipt.

Subscription income is recognised when it is receivable.

Income received for specific projects, and received in advance of the commencement of the project, is deferred. If the project were not to proceed as planned the charity would not be entitled to retain the funds. This deferred income is recognised when the expenses are incurred.

Income received for projects which have commenced is recognised to the extent that sub-contractors have completed stages of the project. These are performance related grants and entitlement to the incoming resource only arises with the performance of the specific outputs agreed under the contracts.

Investment income is recognised on a receivable basis.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred which is as soon as there is a legal or constructive obligation committing the charity to the expenditure.

Costs of generating funds

Costs of generating funds represent the cost of staff time spent on dealing with subscription queries.

Governance Costs

Governance costs represent those costs associated with meeting constitutional and statutory requirements including the audit fees and costs linked to the strategic management of the charity.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

Pensions

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses in transactions are included in the statement of financial activities.

Notes to the financial statements (continued)**1 Accounting policies (continued)****Unrestricted funds**

There are no conditions attached to the use of subscription income and as such this source of income is classified as unrestricted funds.

Restricted funds

Restricted funds comprise performance related grants received for specific projects.

Taxation status

The company is recognised by the HM Revenue & Customs 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.

Fixed assets

Fixed assets are written off on acquisition unless the cost of any individual item exceeds £5,000.

2 Incoming resources from charitable activities*Knowledge Exchange*

Management charges
Project income

2012 **2011**

£000 **£000**

333 306

1,149 1,420

1,482 **1,726**

3 Costs of generating funds

Salary costs

2012 **2011**

£000 **£000**

10 20

4 Analysis of expenditure on charitable activity

Knowledge Exchange activity

Support costs:

Staff costs

Property costs

IT costs

Corporate projects

Other costs

Total **Total**

2012 **2011**

£000 **£000**

1,357 1,505

102 167

37 37

19 4

- -

55 53

213 **261**

1,570 **1,766**

Notes to the financial statements (continued)**5 Governance costs**

	2012 £000	2011 £000
Company secretary	3	3
Board expenses	1	2
Audit fee	3	13
	<u>7</u>	<u>18</u>

6 Staff numbers and costs

The average number of persons employed by the charity during the year, analysed by category, was as follows:

	Number of employees 2012	2011
Direct charitable work	14	13
Support	2	2
	<u>16</u>	<u>15</u>

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Wages and salaries	520	492
Social security costs	55	48
Other pension costs	17	32
	<u>592</u>	<u>572</u>

The remuneration of the highest paid employee is as follows:

	2012 £000	2011 £000
Managing director	59	59

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

	2012 £000	2011 £000
Managing director	0	10

There were no employees with emoluments in excess of £60,000.

The company operates a defined contribution pension scheme and costs for the year are noted above. At the year end there were outstanding contributions to the scheme of £500 (2011: £2,751).

7 Related party transactions

The managing director is also a Director & charity trustee of the Company.

Mr Llanwarne has a management consultancy business called IDEAction. His firm carried out work for £NIL during the year (2011: £2,722). At year end, £Nil was due to IDEAction.

Dr Dixon was appointed to the SEPA board in January 2012. From January 2012 to March 2012, £685k (excluding VAT) was invoiced to SEPA and £676k (excluding VAT) was allocated to deferred income.

Four directors received reimbursement of travel expenses totalling £932 (2011: £1,780). At year end, £48 due to trustees was outstanding.

Trustee indemnity insurance of £500 (2011: £500) was paid during the year.

Notes to the financial statements (continued)**8 Net incoming/(outgoing) resources**

Net incoming/(outgoing) resources are stated after charging:

	2012	2011
	£000	£000
Auditors' remuneration (excluding expenses and VAT)	6	7
Net losses/ (gains) on foreign currency transactions	7	(23)

9 Debtors

	2012	Restated 2011
	£000	£000
Trade debtors	217	184
Prepayments and accrued income	146	42
Other Debtors	2	3
	365	229

10 Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	42	106
Taxes and Social Security	17	14
VAT	212	115
Accruals	18	13
Deferred income	2,122	1,676
Other creditors	-	3
	2,411	1,927

Deferred income

	2012	2011
	£000	£000
Balance brought forward	1,676	1,518
New funding received	1,344	847
Expenditure on projects	(898)	(689)
	2,122	1,676

Notes to the financial statements (continued)**11 Reserves**

	Unrestricted £000	Restricted		Urban Nexus £000	Total £000
		Topic area projects £000	Urban net £000		
Brought forward	352	-	-	-	352
Incoming resources	37	1,442	12	28	1,519
Outgoing resources	(27)	(1,509)	(23)	(28)	(1,587)
Transfers	(78)	67	11	-	-
Closing balance	284	-	-	-	284

Gross transfer between funds represents a movement of unrestricted funds to cover shortfalls upon completion and audit certification of the European restricted projects (£11k) and Topic area projects (£67k).

Topic area project balances relate to 48 individual projects restricted across the following topic areas:

- Climate change
- Environmental regulation (UK research programme)
- Water Framework Directive
- Flood Risk Management
- River Restoration
- Coordinated Agenda for Marine, Environment and Rural Affairs Science
- Good Places Better Health
- New work areas

Urban-Net balances are restricted for work carried out on the Urban ERA-NET Project: coordination of the funding of urban research in Europe. Urban-Net balances have been transferred from unrestricted, as the project has now concluded. Sniffer has submitted its final report along with audit certificate.

Urban-Nexus balances are restricted for work carried out on the Urban NEXUS Project.

12 Analysis of net assets

	Unrestricted £000	Restricted		Urban Nexus £000	Total £000
		Topic area projects £000	Urban net £000		
Debtors	332	-	33	-	365
Cash at bank and in hand	241	2,108	(33)	14	2,330
Creditors	(289)	(2,108)	-	(14)	(2,411)
Total	284	-	-	-	284

13 Called up share capital

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

Notes to the financial statements *(continued)***14 Leasing commitments**

Annual commitments under non-cancellable leases are as follows:

	Land & Buildings	
	2012	2011
	£000	£000
Operating leases which expire:		
In between two and five years	25	25
	=====	=====

15 Ultimate controlling party

The charity is controlled by the charity's trustees.