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Company Registration No. SC213640 (Scotland)

NATURAL RESEARCH (PROJECTS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002



NATURAL RESEARCH (PROJECTS) LTD

COMPANY INFORMATION

Directors	M Madders M McGrady P K Stirling-Aird C Bainbridge (Appointed 4 December 2001)
Secretary	Elliot & Company W. S.
Company number	SC213640
Registered office	8 Charlotte Street Perth PH1 5LL
Auditors	Bird Simpson & Co. 144 Nethergate Dundee DD1 4EB
Business address	Carnduncan Farmhouse Gruinart Bridgend Isle of Islay PA44 7PS
Bankers	Royal Bank of Scotland Bowmore Isle of Islay PA43 7JJ
Solicitors	Elliot and Company W.S. 8 Charlotte Street Perth PH1 5LL

NATURAL RESEARCH (PROJECTS) LTD

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NATURAL RESEARCH (PROJECTS) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002

The directors present their report and financial statements for the year ended 31 July 2002.

Principal activities

The principal activity of the company continued to be that of consultancy work and advising on the environmental and ecological impact of industrial and commercial developments. In addition to this, the company undertakes ad hoc research projects emanating from issues arising from its consultancy work. It is the company's intention to transfer any profits generated to its parent company, Natural Research Ltd, which is a charitable company involved in conducting research into natural resources and wildlife internationally, as well as the education of the public on such matters.

It was agreed at the company's AGM held on 1st November, 2002 to give a donation of £50,000 to Natural Research Ltd. The donation was paid prior to 30th April, 2003.

Directors

The following directors have held office since 1 August 2001:

M Madders

M McGrady

P K Stirling-Aird

C Bainbridge

(Appointed 4 December 2001)

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985.

Charitable donations

2002

2001

£

£

During the year the company made the following payments:

Charitable donations

8,000

-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Bird Simpson & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

NATURAL RESEARCH (PROJECTS) LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

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 the profit or loss of the company 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;
- 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Elliot & Company W. S.

Secretary

28 May 03

NATURAL RESEARCH (PROJECTS) LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATURAL RESEARCH (PROJECTS) LTD

We have audited the financial statements of Natural Research (Projects) Ltd on pages 4 to 10 for the year ended 31 July 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

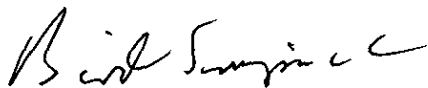
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bird Simpson & Co.

Chartered Accountants
Registered Auditor

28th May, 2003

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144 Nethergate
Dundee
DD1 4EB

NATURAL RESEARCH (PROJECTS) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2002

		Year ended 31 July 2002 £	Period ended 31 July 2001 £
	Notes		
Turnover		346,800	149,571
Cost of sales		(204,068)	(122,927)
Gross profit		142,732	26,644
Administrative expenses		(72,554)	(10,468)
Profit on ordinary activities before taxation	2	70,178	16,176
Tax on profit on ordinary activities	3	(4,718)	(926)
Profit on ordinary activities after taxation	10	65,460	15,250

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

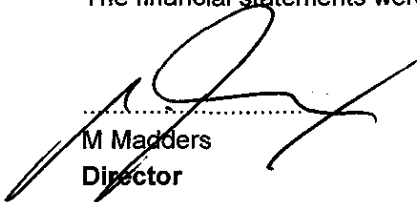
NATURAL RESEARCH (PROJECTS) LTD

BALANCE SHEET AS AT 31 JULY 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4		3,690		-
Current assets					
Debtors	5	129,041		36,036	
Cash at bank and in hand		63,724		9,774	
		<u>192,765</u>		<u>45,810</u>	
Creditors: amounts falling due within one year	6	<u>(115,196)</u>		<u>(30,559)</u>	
Net current assets			77,569		15,251
Total assets less current liabilities			81,259		15,251
Provisions for liabilities and charges	7		(548)		-
			<u>80,711</u>		<u>15,251</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		80,710		15,250
Shareholders' funds - equity interests	11		<u>80,711</u>		<u>15,251</u>

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

The financial statements were approved by the Board on 22/5/03.


M Madders
Director

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services rendered net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	33.33% straight line
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1.5 Pensions

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

1.6 Deferred taxation

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.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its parent undertaking comprise a small-sized group. The parent company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	1,858	-
Auditors' remuneration	1,000	-
Directors' emoluments	34,000	1,000
	<u>36,858</u>	<u>1,000</u>

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

3	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	4,170	926
	Current tax charge	4,170	926
	Deferred tax		
	Deferred tax charge/credit current year	548	-
		4,718	926
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	70,178	16,176
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.67% (2001 : 10.00%)	13,804	1,618
	Effects of:		
	Donation paid to parent company in current year	1,574	108
	Depreciation add back	365	-
	Capital allowances	(933)	-
	Donation to be paid to parent company	(9,835)	-
	Other tax adjustments - marginal relief	(805)	(800)
		(9,634)	(692)
	Current tax charge	4,170	926

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 August 2001	-
Additions	5,548
At 31 July 2002	5,548
Depreciation	
At 1 August 2001	-
Charge for the year	1,858
At 31 July 2002	1,858
Net book value	
At 31 July 2002	3,690

5 Debtors

	2002 £	2001 £
Trade debtors	128,791	35,495
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	1
Other debtors	250	540
	129,041	36,036

6 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	20,601	12,648
Taxation and social security	48,720	14,131
Other creditors	45,875	3,780
	115,196	30,559

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

7 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	548
Balance at 31 July 2002	548

The deferred tax liability is made up as follows:

	2002 £	2001 £
Accelerated capital allowances	548	-

8 Pension costs

Defined contribution

	2002 £	2001 £
Contributions payable by the company for the year	18,000	-

9 Share capital

	2002 £	2001 £
Authorised		
1,000 Ordinary Shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
1 Ordinary Shares of £ 1 each	1	1

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2001	15,250
Retained profit for the period	65,460
Balance at 31 July 2002	80,710

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

11 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the financial year	65,460	15,250
Opening shareholders' funds	15,251	1
Closing shareholders' funds	80,711	15,251

12 Control

The parent company is Natural Research Limited, a charitable company registered in Scotland.

13 Related party transactions

In addition to the normal travelling expenses etc paid to the directors, the following transactions took place between during the year;

M Madders	Subcontractors fees	£7500
M Madders	Car hire	£1250
M Madders	Use of office	£5000

The company has agreed to meet the the undernoted expenses of its parent company, Natural Research Ltd

Legal and Professional fees	£15
Accountancy & Taxation fees	£750

The balances due to related parties at the year end are as follows

Due to M Madders	Work in progress	£3303
Due to M McGrady	Work in progress	£6880