

Company Registration No. SC213640 (Scotland)

NATURAL RESEARCH (PROJECTS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003



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NATURAL RESEARCH (PROJECTS) LTD

COMPANY INFORMATION

Directors

M Madders
M McGrady
P K Stirling-Aird
C Bainbridge

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
Grainart
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 2003

The directors present their report and financial statements for the year ended 31 July 2003.

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 25th February, 2004 to give a donation of £50,000 to Natural Research Ltd. The donation was paid prior to 30th April, 2004.

Directors

The following directors have held office since 1 August 2002:

M Madders
M McGrady
P K Stirling-Aird
C Bainbridge

Directors' interests

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

Charitable donations	2003 £	2002 £
During the year the company made the following payments:		
Charitable donations	50,000	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 2003

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



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 5 to 11 for the year ended 31 July 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 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 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.

NATURAL RESEARCH (PROJECTS) LTD

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

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bird Simpson & Co.

27th July, 2004.

Chartered Accountants

Registered Auditor

144 Nethergate
Dundee
DD1 4EB

NATURAL RESEARCH (PROJECTS) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 £	2002 £
Turnover		675,334	346,800
Cost of sales		(373,248)	(204,068)
Gross profit		302,086	142,732
Administrative expenses		(144,012)	(72,554)
Operating profit	2	158,074	70,178
Other interest receivable and similar income	3	677	-
Interest payable and similar charges		(412)	-
Profit on ordinary activities before taxation		158,339	70,178
Tax on profit on ordinary activities	4	(34,210)	(4,718)
Profit on ordinary activities after taxation	11	124,129	65,460

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.

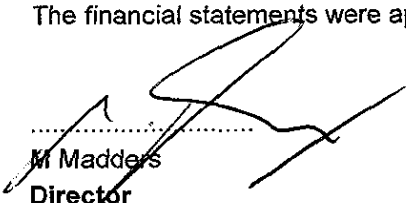
NATURAL RESEARCH (PROJECTS) LTD

BALANCE SHEET AS AT 31 JULY 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	5		18,760		3,690
Current assets					
Debtors	6	300,455		129,041	
Cash at bank and in hand		38,085		63,724	
		<u>338,540</u>		<u>192,765</u>	
Creditors: amounts falling due within one year	7	<u>(151,007)</u>		<u>(115,196)</u>	
Net current assets			187,533		77,569
Total assets less current liabilities			206,293		81,259
Provisions for liabilities and charges	8		(1,453)		(548)
			<u>204,840</u>		<u>80,711</u>
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account	11		204,839		80,710
Shareholders' funds - equity interests	12		<u>204,840</u>		<u>80,711</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 25th June 2004


M Madders
Director

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2003

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 other than freehold land 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:

Land and buildings Freehold	2% straight line
Fixtures, fittings & equipment	33.33% straight line

No depreciation is provided in respect of freehold land.

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. However, as the parent company is a charity there is no exemption from preparing group accounts. Such accounts have been prepared and are produced as a separate document.

2 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	5,302	1,858
Auditors' remuneration	1,000	1,000
Directors' emoluments	27,575	34,000

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

3	Investment income	2003	2002
		£	£
	Bank interest	361	-
	Other interest	316	-
		<u>677</u>	<u>-</u>
4	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	29,180	4,170
	Adjustment for prior years	4,125	-
		<u>33,305</u>	<u>4,170</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	905	548
		<u>34,210</u>	<u>4,718</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>158,339</u>	<u>70,178</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 19.67%)	<u>30,084</u>	<u>13,804</u>
	Effects of:		
	Donation paid to parent company in current year	9,500	1,574
	Depreciation add back	1,008	365
	Capital allowances	(1,912)	(933)
	Adjustments to previous periods	4,125	-
	Donation to be paid to parent company	(9,500)	(9,835)
	Other tax adjustments - marginal relief	-	(805)
		<u>3,221</u>	<u>(9,634)</u>
	Current tax charge	<u>33,305</u>	<u>4,170</u>

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 August 2002	-	5,548	5,548
Additions	10,000	10,372	20,372
	<u>10,000</u>	<u>15,920</u>	<u>25,920</u>
At 31 July 2003	10,000	15,920	25,920
Depreciation			
At 1 August 2002	-	1,858	1,858
Charge for the year	-	5,302	5,302
	<u>-</u>	<u>7,160</u>	<u>7,160</u>
At 31 July 2003	-	7,160	7,160
Net book value			
At 31 July 2003	10,000	8,760	18,760
	<u>10,000</u>	<u>8,760</u>	<u>18,760</u>
At 31 July 2002	-	3,690	3,690
	<u>-</u>	<u>3,690</u>	<u>3,690</u>

6 Debtors

	2003 £	2002 £
Trade debtors	295,817	128,791
Other debtors	4,638	250
	<u>300,455</u>	<u>129,041</u>

7 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	29,787	20,601
Amounts owed to group undertakings and undertakings in which the company has a participating interest	9,412	-
Taxation and social security	76,367	48,720
Other creditors	35,441	45,875
	<u>151,007</u>	<u>115,196</u>

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

8 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 August 2002	548
Profit and loss account	905
	<u>1,453</u>
Balance at 31 July 2003	<u>1,453</u>

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>1,453</u>	<u>548</u>

9 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>-</u>	<u>18,000</u>

10 Share capital

	2003 £	2002 £
Authorised		
1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary Shares of £1 each	<u>1</u>	<u>1</u>

NATURAL RESEARCH (PROJECTS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2002	80,710
Retained profit for the year	124,129
Balance at 31 July 2003	204,839

12 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	124,129	65,460
Opening shareholders' funds	80,711	15,251
Closing shareholders' funds	204,840	80,711

13 Control

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

14 Related party transactions

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

	2003 £	2002 £
M Madders Subcontractors fees	-	7,500
M Madders Car hire	2,250	1,250
M Madders Use of office	5,000	5,000

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

	2003 £	2002 £
Legal and Professional fees	15	15
Accountancy & Taxation fees	1,000	750

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

	2003 £	2002 £
Due to M Madders Work in progress	-	3,303
Due to M McGrady Work in progress	-	6,880