

COMPANY REGISTRATION NUMBER 3150755

**EUROPEAN FORUM ON NATURE CONSERVATION
AND PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2005**

LANGDOWNS DFK
Chartered Accountants & Registered Auditors
Fleming Court
Leigh Road
Eastleigh
Southampton
SO50 9PD

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

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**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE
OFFICERS AND PROFESSIONAL ADVISERS**

The board of directors	Dr. D. I. McCracken Dr. E. M. Bignal Dr. R. Luick Mr D. G. L. Jones
Company secretary	Dr. E. M. Bignal
Registered office	Fleming Court Leigh Road Eastleigh Southampton Hampshire SO50 9PD
Auditor	Langdowns DFK Chartered Accountants & Registered Auditors Fleming Court Leigh Road Eastleigh Southampton SO50 9PD
Bankers	The Royal Bank of Scotland plc Bowmore Branch Main Street Bowmore Isle of Islay PA43 7JJ

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2005

The directors present their report and the financial statements of the company for the year ended 31st December 2005.

PRINCIPAL ACTIVITIES

The business is conducted on a non-profit making basis, the principle activity of which is to increase the understanding of the high nature conservation and cultural value of certain farming systems.

DIRECTORS

The directors who served the company during the year were as follows:

Dr. D. I. McCracken
Dr. E. M. Bignal
Dr. R. Luick
Ms N. Yellachich
Dr. O.P. Ostermann
Ms A. Bamber Jones
Mr D. G. L. Jones

Ms N. Yellachich retired as a director on 1st September 2005.

Dr. O.P. Ostermann retired as a director on 1st September 2005.

Ms A. Bamber Jones retired as a director on 1st September 2005.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 surplus or deficiency of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITOR

A resolution to re-appoint Langdowns DFK as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2005

SMALL COMPANY PROVISIONS

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

Signed by order of the directors

DR. E. M. SIGNAL
Company Secretary

Approved by the directors on 4th August 2006

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EUROPEAN FORUM ON NATURE CONSERVATION AND PASTORALISM
LIMITED**

YEAR ENDED 31ST DECEMBER 2005

We have audited the financial statements of European Forum on Nature Conservation and Pastoralism Limited for the year ended 31st December 2005 on pages 6 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 9 to 10.

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 DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EUROPEAN FORUM ON NATURE CONSERVATION AND PASTORALISM
LIMITED *(continued)***

YEAR ENDED 31ST DECEMBER 2005

GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the uncertainty as to the going concern position of the business. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31st December 2005 and of its loss for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.

Fleming Court
Leigh Road
Eastleigh
Southampton
SO50 9PD

LANGDOWNS DFK
Chartered Accountants
& Registered Auditors

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**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31ST DECEMBER 2005**

	Note	2005 £	2004 <i>(restated)</i> £
TURNOVER		110,800	56,273
Administrative expenses		114,302	98,730
OPERATING DEFICIENCY	3	(3,502)	(42,457)
Interest receivable		325	238
Interest payable and similar charges		(11)	—
DEFICIENCY ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,188)	(42,219)
DEFICIENCY FOR THE FINANCIAL YEAR		(3,188)	(42,219)

The notes on pages 9 to 11 form part of these financial statements.

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31ST DECEMBER 2005**

	2005	2004
	£	<i>(restated)</i> £
Deficit for the financial year attributable to the members	(3,188)	(42,219)
Total recognised gains and losses relating to the year	<u>(3,188)</u>	<u>(42,219)</u>
Prior year adjustment (see note 4)	3,637	(7,467)
Total gains and losses recognised since the last annual report	<u>449</u>	<u>(49,686)</u>

The notes on pages 9 to 11 form part of these financial statements.

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31ST DECEMBER 2005

	Note	2005		2004 <i>(restated)</i>	
		£	£	£	£
CURRENT ASSETS					
Debtors	5	25,102		20,796	
Cash at bank and in hand		<u>2,637</u>		<u>27,407</u>	
		27,739		48,203	
CREDITORS: Amounts falling due within one year					
	6	<u>46,019</u>		<u>63,295</u>	
NET CURRENT LIABILITIES			(18,280)		(15,092)
TOTAL ASSETS LESS CURRENT LIABILITIES			(18,280)		(15,092)
RESERVES					
Income and expenditure account	9		(18,280)		(15,092)
DEFICIT			(18,280)		(15,092)

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the 4th August 2006 and are signed on their behalf by:

DR. D. I. McCracken
Director

The notes on pages 9 to 11 form part of these financial statements.

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

1. GOING CONCERN

The company experienced a deficiency during a previous period after a grant applied for in respect of the financial statements for 31st December 2003 was not fully received. This was due to a lower level of eligible expenditure actually undertaken compared to the accrued grant for that period.

Since this event the company have undertaken a number of fully funded projects. However, in some cases this has not been possible.

In the period since 31st December 2005 the company are working on a number of fully funded projects and together with the support of the directors it is believed that the company will return to a positive net asset position. The board therefore feel confident that the company can continue in existence for the foreseeable future.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

The turnover shown in the income and expenditure account represents amounts invoiced during the year.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating surplus.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

2. ACCOUNTING POLICIES *(continued)*

Government and European Commission grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit and loss account over the expected useful economic lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income or deferred so as to match them with the expenditure to which they relate.

3. OPERATING DEFICIT

Operating deficit is stated after charging/(crediting):

	2005	2004 <i>(restated)</i>
	£	£
Auditor's fees	1,900	2,100
Net loss on foreign currency translation	1,055	267
Grants	<u>(78,717)</u>	<u>(27,421)</u>

4. PRIOR YEAR ADJUSTMENT

During the year ended 31st December 2005, it was discovered that grant income has been received in advance, but has been recognised in income incorrectly. Grant income to the value of £7,467 was recognised in the period ended 31st December 2003, when it should have been deferred and recognised as £3,637 in 2004 and £3,830 in 2005. Although it was apparent that the grant income should have been deferred, this was missed in error and therefore a prior year adjustment has been required this year to recognise the income in the correct periods. There is no tax effect resulting from these adjustments.

5. DEBTORS

	2005	2004 <i>(restated)</i>
	£	£
Trade debtors	<u>25,102</u>	<u>20,796</u>

6. CREDITORS: Amounts falling due within one year

	2005	2004 <i>(restated)</i>
	£	£
Trade creditors	44,119	57,365
Other creditors	1,900	5,930
	<u>46,019</u>	<u>63,295</u>

7. RELATED PARTY TRANSACTIONS

During the year ended 31st December 2005 £11,913 (2004 - £8,263) was charged by Dr. E.M. Bignal, a director of the company, for consultancy fees. The balance owing to Dr. E.M. Bignal at the year end was £3,287 (2004 - £3,273).

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

8. COMPANY LIMITED BY GUARANTEE

The company is limited by £1 guarantee given by each of the members.

9. INCOME AND EXPENDITURE ACCOUNT

	2005	2004
	£	<i>(restated)</i> £
Balance brought forward as previously reported	(11,262)	34,594
Prior year adjustment (note 4) – 2003 adjustment	(7,467)	(7,467)
2004 adjustment	3,637	
Balance brought forward restated	(15,092)	27,127
Deficiency for the financial year	(3,188)	(42,219)
Balance carried forward	(18,280)	(15,092)

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE
MANAGEMENT INFORMATION
YEAR ENDED 31ST DECEMBER 2005**

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5.**

**EUROPEAN FORUM ON NATURE CONSERVATION AND
PASTORALISM LIMITED
COMPANY LIMITED BY GUARANTEE**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31ST DECEMBER 2005**

	2005		2004 <i>(restated)</i>	
	£	£	£	£
TURNOVER				
Sales		110,800		56,273
OVERHEADS				
Production of publications	2,018		8,566	
Computer running costs	167		194	
Meeting costs	23,677		2,560	
Travel and subsistence	12,025		24,846	
Telephone	551		357	
Printing, stationery and postage	877		879	
Sundry expenses	15		44	
Consultancy fees	70,599		57,248	
Accountancy fees	2,649		3,690	
Bank charges	669		79	
Foreign currency losses	1,055		267	
		<u>114,302</u>		<u>98,730</u>
OPERATING DEFICIT		(3,502)		(42,457)
Bank interest receivable		325		238
		<u>(3,177)</u>		<u>(42,219)</u>
Bank interest payable		(11)		—
DEFICIT ON ORDINARY ACTIVITIES		<u>(3,188)</u>		<u>(42,219)</u>