

**The European Forum on Nature Conservation and Pastoralism Limited**  
**(A company limited by guarantee)**

**Report and Financial Statements**  
**for the year ended 31 December 2013**

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**The European Forum on Nature Conservation and Pastoralism Limited**  
**(A company limited by guarantee)**

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**Company Information**

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<b>Directors</b>	Dr D I McCracken K I MacRae D G L Jones Dr B Dunford Dr C Hindmarch G A R Beaufoy Dr X A M Poux A Brown Y Kazakova
<b>Company secretary</b>	K I MacRae
<b>Registered number</b>	03150755
<b>Registered office</b>	97 Oakwell Court Hamsterley Vale Derwentside Co Durham NE17 7BE
<b>Independent auditors</b>	Ernst & Young LLP Barony House Stoneyfield Business Park Stoneyfield Inverness Scotland IV2 7PA
<b>Bankers</b>	The Royal Bank of Scotland Main Street Bowmore Isle of Islay PA43 7JJ

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**The European Forum on Nature Conservation and Pastoralism Limited**  
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**Directors' report**  
**for the year ended 31 December 2013**

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The directors present their report and the financial statements for the year ended 31 December 2013.

**Directors**

The directors who served during the year were:

Dr D I McCracken  
K I MacRae  
D G L Jones  
Dr B Dunford  
Dr C Hindmarch  
G A R Beaufoy  
Dr X A M Poux  
A Brown  
Y Kazakova

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**The European Forum on Nature Conservation and Pastoralism Limited**  
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**Directors' report**  
**for the year ended 31 December 2013**

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**Auditors**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

**D G L Jones**  
**Director**

Date:

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**Strategic report**  
**for the year ended 31 December 2013**

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***Introduction***

The directors present their strategic review for the year ended 31 December 2013.

***Business review***

The principal activity of the company in the year under review was that of a non-profit making organisation with its main aim being to increase the understanding of the high nature conservation and culture value of certain farming systems.

2013 has been a difficult year for the Forum, but one which ends with our finances intact and some real success stories on the ground.

We failed to be awarded a DG Environment NGO support grant for the first time since 2009, which was before our recent period of expansion and consolidation. An ongoing DG Enlargement project, payrolls to administer in the UK and Bulgaria and a number of projects to run within the year prevented us running a minimal core operation, putting our finances and human resources under huge stress. Staff numbers and staff hours were cut; nonetheless the remaining personnel gave over £100,000 worth of time without pay.

Part of this in kind contribution was on our work on pastures in the context of the current Common Agricultural Policy reform. Sadly we had to struggle to ensure that the gains made in the main Regulations were not lost in the Commission's delegated acts.

On the project front, the highlight was undoubtedly Ireland, where we acknowledge the generosity and understanding shown by the Heritage Council in filling our project funding gap. As a result we were able to play a role in getting HNV farming into the forthcoming Rural Development Programme and in securing funding for the Aran Life project.

Interesting work was also carried out on common pastures in Bulgaria, building relationships with local authorities there, and in the North Pennines AONB. We took part in consortia working on two major EU level pieces of relevant consultancy; sadly the demands made were so far in excess of the funding available that they added to, rather than reduced, the pressure on key staff members.

We end the year relieved that through a combination of financial management and favourable exchange rate movements we have managed to record a small surplus. Although the board is aware that another year like 2013 will be very difficult to weather, we have put a contingency plan in place for 2014.

***Principal risks and uncertainties***

The company applies for project funding each year from bodies such as the EU. Future projects to be carried out are dependent on obtaining grant funding, which cannot be guaranteed. The cost base of the company is flexible, so as to match the level of activity carried out. The company has access to short term unsecured loans from related parties to bridge funding gaps while awaiting grant payments, which may be paid retrospectively. As explained in the business review above, the directors have put in place a contingency plan for 2014 to cover the eventuality that project funding is not obtained to cover the current cost base.

This report was approved by the board on

and signed on its behalf.

**D G L Jones**  
**Director**

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## **Independent auditors' report to the members of The European Forum on Nature Conservation and Pastoralism Limited**

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We have audited the financial statements of The European Forum on Nature Conservation and Pastoralism Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**Independent auditors' report to the members of The European Forum on Nature Conservation and Pastoralism Limited**

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**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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors 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 Directors' report.

Peter Mearns (Senior statutory auditor)  
for and on behalf of  
**Ernst & Young LLP**  
Statutory Auditor  
Inverness  
Date:

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**The European Forum on Nature Conservation and Pastoralism Limited**  
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**Profit and loss account**  
**for the year ended 31 December 2013**

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	<i>Note</i>	<i>2013</i> £	<i>2012</i> £
<b>Turnover</b>	1	97,575	42,951
Administrative expenses		(174,331)	(581,862)
Other operating income	2	86,919	544,949
		<hr/>	<hr/>
<b>Operating profit</b>	3	10,163	6,038
Interest payable and similar charges		(2,655)	(3,797)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		7,508	2,241
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>	8	7,508	2,241
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 10 form part of these financial statements.



**The European Forum on Nature Conservation and Pastoralism Limited**  
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**Registered number: 03150755**

**Balance sheet**  
**as at 31 December 2013**

	<i>Note</i>	£	2013 £	£	2012 £
<b>Current assets</b>					
Stocks		2,302		2,696	
Debtors	5	45,196		172,068	
Cash at bank		29,352		38,262	
		<u>76,850</u>		<u>213,026</u>	
<b>Creditors: amounts falling due within one year</b>	6	(64,493)		(208,177)	
<b>Net current assets</b>			<u>12,357</u>		<u>4,849</u>
<b>Net assets</b>			<u>12,357</u>		<u>4,849</u>
<b>Capital and reserves</b>					
Profit and loss account	8		<u>12,357</u>		<u>4,849</u>
			<u>12,357</u>		<u>4,849</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**D G L Jones**  
 Director

Date:

The notes on pages 8 to 10 form part of these financial statements.

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**The European Forum on Nature Conservation and Pastoralism Limited**  
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**Notes to the financial statements**  
**for the year ended 31 December 2013**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**1.2 Fundamental accounting concept**

The company recorded a profit of £7,508 in the year and as at 31 December 2013 has net assets of £12,357 (2012 - £4,849). The directors have reviewed budgets for a period of at least 12 months from the date of signing these financial statements and have concluded that sufficient cash flow should be available to enable the company to continue to trade and meet its liabilities as they fall due.

The company applies for project funding each year from bodies such as the EU. Future projects to be carried out are dependent on obtaining grant funding, which cannot be guaranteed. The cost base of the company is flexible, so as to match the level of activity carried out. The company has access to short term unsecured loans from related parties to bridge funding gaps while awaiting grant payments, which may be paid retrospectively.

The directors believe that it is therefore appropriate to prepare the financial statements on the going concern basis.

**1.3 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax.

**1.4 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.5 Government grants**

EU and UK government grants relating to the principal activities of the company are credited to the Profit and loss account as the project progresses so as to match the grant receivable with the related expenditure.

**2. Other operating income**

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Grant funding receivable	86,374	544,949
Donations received	545	-
	<hr/>	<hr/>
	86,919	544,949
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**Notes to the financial statements**  
**for the year ended 31 December 2013**

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**3. Operating profit**

The operating profit is stated after charging/(crediting):

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration	4,800	6,111
Difference on foreign exchange	(6,643)	12,232
	<u>          </u>	<u>          </u>

**4. Directors' remuneration**

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Aggregate remuneration	69,818	194,695
	<u>          </u>	<u>          </u>

**5. Debtors**

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Trade debtors	4,632	167,746
Other debtors	40,564	4,322
	<u>          </u>	<u>          </u>
	<u>45,196</u>	<u>172,068</u>

**6. Creditors:**  
**Amounts falling due within one year**

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Trade creditors	30,351	82,705
Other taxation and social security	1,761	17,420
Other creditors	32,381	108,052
	<u>          </u>	<u>          </u>
	<u>64,493</u>	<u>208,177</u>

**7. Company status**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

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**Notes to the financial statements**  
**for the year ended 31 December 2013**

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**8. Reserves**

	<i>Profit and loss account £</i>
At 1 January 2013	4,849
Profit for the financial year	7,508
	<hr/>
At 31 December 2013	12,357
	<hr/> <hr/>

**9. Related party transactions**

During the year, loans advanced in the year ended 31 December 2012 of £20,000 by G Beaufoy and €6,000 by X Poux were repaid inclusive of interest at 6.5% per annum.

These loans were included within other creditors in note 6 above.

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Detailed trading and profit and loss account  
for the year ended 31 December 2013

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	<i>Page</i>	<i>2013</i> £	<i>2012</i> £
<b>Turnover</b>		97,575	42,951
Other operating income	12	86,919	544,949
		<hr/>	<hr/>
		184,494	587,900
<b>Less: Overheads</b>			
Administration expenses	12	(174,331)	(581,862)
		<hr/>	<hr/>
<b>Operating profit</b>		10,163	6,038
Interest payable		(2,655)	(3,797)
		<hr/>	<hr/>
<b>Profit for the year</b>		<u>7,508</u>	<u>2,241</u>

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**The European Forum on Nature Conservation and Pastoralism Limited**  
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**Schedule to the detailed accounts**  
**for the year ended 31 December 2013**

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	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
<b>Other operating income</b>		
Grant income	86,374	544,949
Sundry income	545	-
	<hr/>	<hr/>
	86,919	544,949
	<hr/> <hr/>	<hr/> <hr/>
	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
<b>Administration expenses</b>		
Subcontractors	19,859	83,383
Staff salaries	131,972	363,801
Travel and subsistence	13,692	77,236
Other direct costs	5,132	26,960
Other direct costs - auditors' remuneration	4,800	6,111
Difference on foreign exchange	(6,643)	12,232
Overheads	1,760	2,204
Rent & equipment	3,759	9,935
	<hr/>	<hr/>
	174,331	581,862
	<hr/> <hr/>	<hr/> <hr/>