

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

Report and Financial Statements

for the year ended 31 December 2012

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

Company Information

Directors 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 (appointed 29 November 2012)
Y Kazakova (appointed 29 November 2012)

Company secretary K I MacRae

Company number 03150755

Registered office 97 Oakwell Court
Hamsterley Vale
Derwentside
Co Durham
NE17 7BE

Auditors Ernst & Young LLP
Barony House
Stoneyfield Business Park
Stoneyfield
Inverness
Scotland
IV2 7PA

Bankers The Royal Bank of Scotland
Main Street
Bowmore
Isle of Islay
PA43 7JJ

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

**Directors' report
for the year ended 31 December 2012**

The directors present their report and the financial statements for the year ended 31 December 2012.

Principal activities and review of the year

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.

The Directors are pleased to report another successful year in 2012, in which we managed to deal with exchange rate fluctuations to finish the year with a small surplus.

Once again we acknowledge gratefully a grant from the European Commission, which enabled us to maintain our core operations and increase staff numbers to 12. Recognising our dependence on this funding source, we do however remain committed to diversifying our income sources. 2012 started off poorly in this regard, with a number of applications rejected, but as the year progressed we were approached by a number of partners to collaborate in research contract bids and grant applications, many of which were successful. We therefore end the year with the prospect of improving, to a small degree at least, the cashflow cycle which bedevils our financial planning and able to offer at least some of our staff continued employment into 2013.

Exchange rate fluctuations caused significant headaches given our dependence on Euro funding while having major Sterling expenditure. A combination of good planning and profit from book sales and small consultancy contracts nevertheless enabled us to boost our reserves by a small but significant amount – an improvement on 2011.

The CAP reform continued to dominate our work, though this year the collaboration with Butterfly Conservation Europe also allowed us to input more meaningfully into the Biodiversity Strategy discussions.

On the CAP, we focussed once more on our strengths, notably the permanent pasture/grassland issue. We worked closely with a German partner, DVL, on a seminar in Brussels and a complementary workshop in Hungen. For the first time in many years, we were also able to take the long view through our collaboration with IDDRI in France, resulting in some thought provoking reports and a very fruitful workshop of civil society experts in Brussels.

The Board starts 2013 having agreed a new strategy and with a significantly reduced break in activity in prospect at the start of the year. All else being equal, we look forward to an even more successful year; realistically, we know that the severe financial crisis in the EU is bound to make our work even harder in the next 12 months.

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 (appointed 29 November 2012)
Y Kazakova (appointed 29 November 2012)

The European Forum on Nature Conservation and Pastoralism Limited
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Directors' report
for the year ended 31 December 2012

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.

Provision 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

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 on

13/3/13

and signed on its behalf.


D G L Jones
Director

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

We have audited the financial statements of The European Forum on Nature Conservation and Pastoralism Limited for the year ended 31 December 2012, 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. 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 2012 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

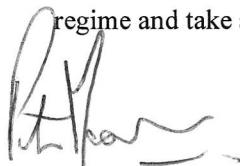
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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:

8/3/13

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

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	<i>2012</i> £	<i>2011</i> £
Turnover	1	42,951	11,276
Administrative expenses		(581,862)	(587,100)
Other operating income	2	544,949	564,498
Operating profit/(loss)	3	6,038	(11,326)
Interest payable and similar charges		(3,797)	(3,271)
Profit/(loss) on ordinary activities before taxation		2,241	(14,597)
Tax on profit/(loss) on ordinary activities		-	-
Profit/(loss) for the financial year	8	2,241	(14,597)

The notes on pages 7 to 9 form part of these financial statements.

The European Forum on Nature Conservation and Pastoralism Limited
(A company limited by guarantee)
Registered number: 03150755

Balance sheet
as at 31 December 2012

	<i>Note</i>		<i>2012</i>		<i>2011</i>
		£	£	£	£
Current assets					
Stocks			2,696		-
Debtors	5		172,068		157,720
Cash at bank			38,262		66,182
			<hr/> 213,026		<hr/> 223,902
Creditors: amounts falling due within one year	6		(208,177)		(221,294)
Net current assets			<hr/> 4,849		<hr/> 2,608
Net assets			<hr/> 4,849		<hr/> 2,608
Capital and reserves			<hr/> <hr/> 4,849		<hr/> <hr/> 2,608
Profit and loss account	8		<hr/> 4,849		<hr/> 2,608
			<hr/> <hr/> 4,849		<hr/> <hr/> 2,608

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime 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 on

11/3/13


D G L Jones
 Director

The notes on pages 7 to 9 form part of these financial statements.

The European Forum on Nature Conservation and Pastoralism Limited
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Notes to the financial statements
for the year ended 31 December 2012

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 £2,241 in the year and as at 31 December 2012 has net assets of £4,849 (2011 - £2,608). 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 is in receipt of 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 and trade discounts.

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

	2012	2011
	£	£
Grant funding receivable	544,949	564,234
Donations received	-	264
	<hr/>	<hr/>
	544,949	564,498
	<hr/>	<hr/>

The European Forum on Nature Conservation and Pastoralism Limited
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Notes to the financial statements
for the year ended 31 December 2012

3. Operating profit/(loss)

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

	<i>2012</i> £	<i>2011</i> £
Auditors' remuneration	6,111	6,000
Difference on foreign exchange	12,232	(9,918)

4. Directors' remuneration

	<i>2012</i> £	<i>2011</i> £
Aggregate emoluments	194,695	141,503

5. Debtors

	<i>2012</i> £	<i>2011</i> £
Trade debtors	167,746	157,720
Other debtors	4,322	-
	<hr/> 172,068	<hr/> 157,720

6. Creditors:
Amounts falling due within one year

	<i>2012</i> £	<i>2011</i> £
Trade creditors	82,705	92,879
Social security and other taxes	17,420	10,067
Other creditors	108,052	118,348
	<hr/> 208,177	<hr/> 221,294

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 2012

8. Reserves

	<i>Profit and loss account</i> £
At 1 January 2012	2,608
Profit for the year	2,241
	<hr/>
At 31 December 2012	4,849
	<hr/>

9. Related party transactions

During the year, loans advanced in 2011 of £25,000 by G Beaufoy and €10,000 by X Poux were repaid inclusive of interest at 6.5% per annum. Further loans of £20,000 and €6,000 were received in the year from G Beaufoy and X Poux respectively and remained outstanding at the year end. Interest is payable on these loans at a rate of 6.5% per annum and they are repayable on demand.

These loans are 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 2012

	<i>Page</i>	<i>2012</i>	<i>2011</i>
		£	£
<i>Turnover</i>			
Other operating income	11	544,949	564,498
		<hr/>	<hr/>
		587,900	575,774
<i>Less: Overheads</i>			
Administration expenses	11	(581,862)	(587,100)
		<hr/>	<hr/>
<i>Operating profit/(loss)</i>		6,038	(11,326)
Interest payable		(3,797)	(3,271)
		<hr/>	<hr/>
<i>Profit/(loss) for the year</i>		2,241	(14,597)
		<hr/>	<hr/>

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Schedule to the detailed accounts
for the year ended 31 December 2012

	<i>2012</i> £	<i>2011</i> £
Other operating income		
Grant income	544,949	564,234
Sundry income	-	264
	<hr/> <hr/> 544,949	<hr/> <hr/> 564,498
Administration expenses		
Subcontractors	83,383	111,065
Staff salaries	363,801	335,266
Travel and subsistence	77,236	81,640
Other direct costs	26,960	50,176
Other direct costs - auditors' remuneration	6,111	6,000
Difference on foreign exchange	12,232	(9,918)
Overheads	2,204	2,700
Rent & equipment	9,935	10,171
	<hr/> <hr/> 581,862	<hr/> <hr/> 587,100