
PESTICIDE ACTION NETWORK UK
(A company limited by guarantee)

TRUSTEES REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2006

PESTICIDE ACTION NETWORK UK

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PESTICIDE ACTION NETWORK UK

LEGAL AND ADMINISTRATIVE INFORMATION For the year ended 31 December 2006

Trustees

Martin Tyler, Chair and Treasurer
David Baldock
Peter Beaumont
Sandra Bell (resigned 18 September 2006)
Eileen Maybin
Laura Potts (appointed 10 May 2006)
Jane Shepherd (appointed 10 May 2006)
Christopher Stopes
Michael Ward
Anthony Youdeowei

Company Registered Number

02036915

Charity Registered Number

0327215

Registered Office

Development House, 56-64 Leonard Street, London EC2A 4LT

Secretary

Oscar Martinez (appointed 18 September 2006)

Executive Director

Barbara Dinham (to September 2006)
Linda Craig (from September 2006)

Auditors:

haysmacintyre, Fairfax House, 15 Fulwood Place, London, WC1V 6AY

Bankers:

Co-operative Bank Plc, City Office, 80 Cornhill, London EC3V 3NJ
National Westminster Bank Plc, Brixton Branch, 504 Brixton Road, London SW9 8EB
CAF Bank Limited, PO Box 289, West Malling M19 4TA

PESTICIDE ACTION NETWORK UK

TRUSTEES REPORT For the year ended 31 December 2006

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial accounts for the year ended 31 December 2006. The Trustees confirm that the annual report and financial statements comply with current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (revised 2005).

STRUCTURE AND GOVERNANCE

Constitution

The charity is constituted as charitable company limited by guarantee, and was set up by a Memorandum of Association on 14 July 1986. It is governed by its Articles of Association as amended by special resolutions of 15 February 2000 and 13 April 1989. Legal responsibility for the management and stewardship is vested in the Board of Trustees.

Organisational structure

The Board of Trustees, which is currently 9 people, met 4 times in 2006. The Board has one sub-committee, reporting for matters concerned with finance and management, which met regularly throughout the year. Sub-committees report to the Board of Trustees, where decisions are ratified. Other ad-hoc sub-committees may be formed.

Decisions of the Board are made by consensus. The Director and/or Company Secretary, as appropriate, prepares a brief of the issues and decisions required. These may then be discussed with the Chair of the Board and/or the Management and Finance Sub-Committee (MFSC), before circulation to the full Board. In cases where a decision is required between Board meetings, all members of the Board will be circulated with information and feedback given.

The Board delegates the day to day running of the charity to the Executive Director, who is recruited and appointed by the Board. The Executive Director reports regularly to the Trustees on the financial and operational performance of the charity, and where necessary other staff report to the trustees on issues appropriate to their work area. Every year, staff and Board meet together for an in-depth discussion of strategy and specific policy areas.

The senior management team comprises the Director and Secretary.

Recruitment and appointment of Trustees

Recruitment

PAN UK aims to recruit Trustees from organisations which represent the constituencies it seeks to serve (health, environment, development organisations and trades unions), as well as members who will bring specific expertise (media, financial, management, pesticide-related). Board members may be re-elected and PAN UK aims to retain expertise beyond one three-year term of office. An active list of potential new Board members is retained, and the Board suggests possible new areas of expertise and individuals. When recruiting, the Director will provide a short biography of potential members for discussion by the Board, and with their agreement will then approach these individuals and discuss the organisational needs, followed by a written invitation and details about Board obligations.

Appointment

Trustees are appointed by the Board of Trustees and serve for a period of three years, after which time they may offer themselves for reappointment.

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TRUSTEES REPORT For the year ended 31 December 2006

Induction and training of Trustees

Trustees are provided with a booklet from the Charity Commission setting out their obligations of organisational oversight, as well as a detailed brief of PAN *UK*, its structure, staff and projects. Ideally they will meet staff at their first meeting. The Chair and Director will discuss their obligations and ways that they may input to the organisation. The information provided includes:

- Information from the Charity Commission
- Current strategic plan
- Annual review
- Management structure
- A 'Board Update' is provided a minimum of three (usually four) times a year with progress reports and activities of each project, publications, outreach activities, funding and donor news, and relevant organisational matters

A new trustee induction manual is in preparation.

Relationship between other related parties

PAN *UK* plays a significant role in the global Pesticide Action Network. The global PAN consists of five Regional Centres, located in Africa, Asia and the Pacific, Europe, Latin America and North America. PAN *UK* facilitates the European Centre with PAN Germany, which involves managing its finances, representation on its board, and hosting its office and coordinator. While each of the five Regional Centres is institutionally independent, they maintain regular coordination and collaboration. They have formed an institutional umbrella body 'PAN Regional Centers' in the United States, but it has a limited turnover and does not employ staff.

PAN *UK* has at least one staff member attending the annual International Planning Council of PAN International. Two European donors provide financial support for the global PAN through PAN *UK*, and PAN *UK* manages, distributes and accounts for these funds. In addition, PAN *UK* has established joint programmes and projects with separate PAN Regional Centres, in particular PAN Africa and its member organisations, and in these cases funds and activities are specified in separate contracts.

Risk Mitigation

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finance of the charity, and are satisfied that systems are in place to mitigate the charity's exposure to the major risks. The risk assessment is reviewed on a regular basis at Board level.

OBJECTIVES AND ACTIVITIES

Summary of objects

The charity's object is:

- (a) To carry out research into, to gather and disseminate information relating to the manufacture, use, sale and application and effects of pesticides, chemicals, gases anywhere in the world
- (b) To carry out research into, to gather and disseminate information relating to alternatives to pesticides

Aims of the charity/mission statement

Mission statement

PAN *UK* works to eliminate the dangers of toxic pesticides, our exposure to them, and their presence in environment where we live and work. Nationally and globally, we promote safer alternatives, the production of healthy food and sustainable farming.

PESTICIDE ACTION NETWORK UK

TRUSTEES REPORT For the year ended 31 December 2006

How are objects put into practice through activity streams

PAN UK undertakes projects in relevant areas of pesticide-related activities to achieve its objectives. The project work is divided into those that focus on pesticide problems and solutions in the UK and Europe, and in developing countries. Our international programme addresses the level of Conventions and other international initiatives, and works with partners to identify and address field level problems.

The current PAN UK projects are:

a) Focusing on the UK and Europe:

- Agriculture and food policy, including strategies for reducing pesticide use, risks and dependence, with representation on government bodies and strategies for influencing policies (at national and EU level) to reduce exposure by 25% by 2010.
- Support for those whose health has been affected by pesticides, with a campaign to increase the right to information about pesticides being sprayed in the countryside, and to make more explicit the health risks of pesticide use.
- Home, garden and amenity pesticide use, particularly in urban areas, which includes gardening tips for allotment holders, web-based details of how and where to dispose of pesticides in the garden shed; and information for schools to reduce pupils' exposure to pesticides.

b) With an international focus:

- Organic cotton: support for farmers in Africa converting to organic cotton production, and activities to raise consumer awareness and consequently sales of organic textile products.
- The African Stockpiles Programme, promoting the disposal of obsolete pesticide stocks which exist in all sub-Saharan countries. PAN UK is training local NGOs, and promoting more sustainable agricultural strategies.
- The Food and Fairness project is concerned with the power of UK supermarkets and changes in European laws on pesticide residues. It raises awareness of consumers in Europe of unfair practices in the supply chain, particularly how small-scale African producers are losing market access.
- Pesticides and poverty is working with African partners and regulators to raise awareness of international pesticide initiatives. It is building capacity and providing resources to implement pesticide-conventions in a way that will help eliminate pesticide hazards and reduce the burden on poor farmers and agricultural workers.
- Global initiatives/local action: influences the international agenda to address pesticide problems in developing countries.

c) Outreach activities

- An active programme of communication to raise awareness of pesticides issues supports and informs project work. This includes a widely-accessed website; publication of our quarterly journal, *Pesticides News*; dissemination of peer-reviewed research through *Current Research Monitor* and its related web-based research site www.pesticidelibrary.org; the supporter's bulletin *Greenfly*; and a service to answer queries from the press and public. PAN UK also runs the annual Rachel Carson Memorial Lecture.

In addition, up to 2006, PAN UK managed the fund-raising activities of the Bhopal Medical Appeal, which makes regular appeals to the public in support of the only free service in Bhopal that provides medicine, therapy and rehabilitation to survivors of the disastrous gas leak from a pesticide plant in the city in 1984. In early 2007, the Bhopal Medical Appeal became an independent charity, and from 2007 will no longer be consolidated into PAN UK's accounts.

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TRUSTEES REPORT For the year ended 31 December 2006

Use of volunteers

PAN UK makes extensive use of volunteers who provide both professional and administrative services, to supplement the work of its small staff team (10 staff at end of 2006, including one part-time). In 2006, PAN UK had 19 volunteers; 11 supporting project work, five supporting the Bhopal appeal, and four administrative back up. PAN UK aims not to turn down any offer of assistance, and provides a good induction programme, wherever possible helping to find a useful and fulfilling piece of work for the volunteer. We are proud that time working with PAN UK contributes to job offers to many of the volunteers placed with us. The organisation covers fares within London and the cost of lunch.

ACHIEVEMENTS AND PERFORMANCE

Review of performance against objectives

2006 was the 20th year of operation for PAN UK, since its inception as the Pesticides Trust in 1986. During the year, Barbara Dinham retired after 16 years with PAN UK, six as Director, and Linda Craig took over as Director in September 2006.

Within the projects of PAN UK, the following were some of the achievements in 2006.

- A very successful Rachel Carson Memorial Lecture and associated exhibition, for which almost 200 tickets were sold (the full capacity of the venue). Dr Camilla Toulmin of the International Institute for the Environment and Development spoke about the importance of organic cotton to small scale farmers in West Africa. The exhibition included displays of organic cotton clothing from a variety of sources.
- A re-launch of the PAN UK website, including revised guidance on food residues based on PAN's detailed analysis of the statistics on food residues. Development of web pages specifically to provide information about our research into food residues, including – top ten food for residues; worst and best fruit; worst and best vegetables; worst other food; what pesticides occur most commonly as residues; what can people do to reduce intake of residues; what supermarkets are doing to reduce residues; and what consumer surveys show about public attitudes to pesticide residues, the residues home page of the website has proved popular, with over 600 views in the last four months of 2006 and 440 views for the page featuring best and worst fruit for residues.
- A visit of five Senegalese vegetable growers to Europe to exchange pest management and marketing experiences with vegetable growers here and understand better issues of consumer demand, quality and food safety. The group visited Germany, the UK and the Netherlands, visiting 16 organizations with a stake in the fresh food sector. Through the visits, the Senegalese farmers were able to put their case on how growing vegetables and fruit for export markets can improve their livelihoods and reduce poverty, especially for women farmers. They explained to NGOs, journalists, farmers and food chain companies the obstacles they face in making a decent living from horticulture and the practical investment and business support they need to produce more sustainably and profitably.
- The launch of the new organic cotton website www.WearOrganic.org. This is a consumer-oriented and user-friendly website, in order to raise the profile of organic cotton with the public. The centrepiece of the website is the Directory to Organic Cotton Retailers, which now contains 80 UK brands, 250 retail outlets and as many online or mail-order shops. The initial response from retailers has been excellent. Since September the Wear Organic pages have proved by far the most popular section of the website accounting for just over 30% of all traffic generated.
- With PAN Africa and PAN Asia-Pacific, adapting the Community-based Pesticide Action Monitoring training materials which have been successful in Asia to an African context. This was done by replacing all the case studies (on which the materials rely heavily) and redrawing all the illustrations,

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TRUSTEES REPORT For the year ended 31 December 2006

as well as translating the modules into French for the West African training. The first training events took place in Tanzania and Senegal in the summer. 52 participants were drawn from Mali, Morocco, Tunisia, Benin, Togo, Cameroon, Senegal, Guinea Bissau, Niger, Burkina Faso, Tanzania and Mauritania to ensure that a maximum dissemination of this training. Communities which have been trained will be able to provide scientifically rigorous evidence of how pesticides are affecting health and environment in their communities, to influence international pesticide regulation.

- Establishing the Bhopal Medical Appeal as a separate organisation: This was finalised in the early months of 2007, although the work for this was done throughout 2006. The first trustee meeting will be held in April 2007.

Review of fundraising activities

PAN UK's work is mostly funded through project grants. The main fundraising activities outside project funding are the management, support and fundraising for the Bhopal Medical Appeal, which became an independent charity in 2007 but continues to be managed by PAN UK. The BMA has set a minimum target of transferring £70,000 a year towards the running costs of the Sambhavna Clinic, which provides medical care and support for the victims of the 1984 Bhopal gas disaster. The target was achieved in 2006. In the longer term, the Appeal hopes to establish a significant fund that will enable the clinic to draw its running costs from the interest on investments.

FINANCIAL REVIEW

Pesticide Action Network UK net unrestricted surplus for 2006 was £108,736, a significant increase from the previous year.

The total income increased by 25% from £1,245,050 in 2005 to £1,552,388, this mainly due to an increase of international projects funding from European Union, HIVOS and the Rufford Maurice Laing Foundation. The overall expenditure including charitable activities increased from £1,232,474 to £1,510,913, a lower proportion (22%) than the income.

PAN UK is the lead organisation for a number of international projects and thus transfers a considerable amount from its incoming resources to other members of the network. In 2006 it transferred £698,891 (2005: £608,000).

Reserves policy

The Trustees have established a policy of maintaining a level of unrestricted reserves, to ensure that there are adequate funds to meet all current and known future liabilities.

In practice, the Trustees consider that holding free unrestricted reserves equivalent to three months of expenditure for salaries and organisational costs provides adequate cover. This is equivalent to £111,000 at current costs.

At 31 December 2006, free unrestricted reserves (excluding tangible fixed assets of £8,445) amounted to £166,702 which achieves the target level previously set by the Trustees for the first time in many years. During 2007 the PAN UK Board will review the reserves policy in light of this increase and likely future financial projections.

The fixed assets reserve remaining within designated funds represents funds tied up in fixed assets. Restricted funds arise when a donor places a restriction on how incoming resources may be spent by the charity. In most situations there will be a timing difference between when such income is received and when it is expended, and when this arises the balance is carried forward within restricted funds. This amount does not form part of the unrestricted reserves of the charity.

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TRUSTEES REPORT For the year ended 31 December 2006

Investment Policy and Performance

Under the Memorandum and Articles of Association, the Board may exercise the powers of the Company to invest monies not immediately required for the furtherance of its objects in or upon such investments, securities or property as may be thought fit subject to such conditions and such consent imposed or required by law.

During 2006, the Company's investments were held in investment deposit accounts which yielded interest at rates commensurate with current market rates.

PLANS FOR THE FUTURE

An operational plan for 2007 has been produced, showing planned activities against all the targets set in the 2005-2010 strategic plan. The Board agreed that in 2007, the main emphasis should be we would focus on 3 key areas: policy influence, outreach, and sustainable production and consumption. Some outcomes in these key areas towards which PAN will be working in 2007 are:

Policy Influence:

- Demonstrable progress towards a ban on endosulfan and paraquat
- Combating misinformation about DDT and its potential increased use in public health
- Making explicit two-way links between the international conventions and local activity.

Outreach

- Making good outreach use of all the anniversaries of 2007: 100th anniversary of Rachel Carson's birth, 21st anniversary of PAN-UK, and 25th anniversary of PAN International
- Increase circulation and readership of Pesticide News, as well as more complete coverage of costs. This was planned for 2006, but has been postponed to 2007.
- Increased coverage of pesticide issues in the press and other media
- Better understanding of the impacts of pesticide poisonings through dissemination of data already collected by African partners on poisonings

Sustainable production and consumption

- Increased consumer awareness of the importance of organic cotton
- At least one improved market opportunity for our African farmers (export or local market)
- At least two more UK retailers working with PAN on the reduction of pesticides in conventionally produced food

In addition, there will be a focus on the production and implementation of a revised fundraising strategy, and increasing the number of subscriptions and donations from individuals.

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TRUSTEES REPORT For the year ended 31 December 2006

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice applicable to smaller charities.

Company and charity law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its financial activities for that year. In preparing those accounts, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees have overall responsibility for ensuring that the company has appropriate systems of control financial or otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safe guarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

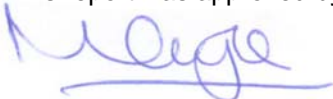
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

A proposal to re-appoint haysmacintyre as auditors for the forthcoming year will be put forward at the Annual General Meeting.

APPROVAL

This report was approved by the Board of Trustees on 24th April 2007 and signed on its behalf, by:



Martin Tyler, Chair and Treasurer

PESTICIDE ACTION NETWORK UK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PESTICIDE ACTION NETWORK UK

We have audited the financial statements of The Pesticide Action Network UK for the year ended 31 December 2006 set out on pages 11 to 27. These financial statements have been prepared in accordance with the accounting policies set out therein, the Statement of Recommended Practice: 'Accounting by Charities' and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005)

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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

As described in the Statement of Trustees' Responsibilities the charity's Trustees (who also act as company directors of The Pesticide Action Network UK) 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 Trustees' Report is not consistent with the financial statements, if the charitable 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 Trustees' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the Trustees' report is consistent with the financial statements.

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 judgments made by the Trustees 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.

PESTICIDE ACTION NETWORK UK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PESTICIDE ACTION NETWORK UK

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 charities, of the state of the company's affairs as at 31 December 2006 and of its incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' report is consistent with the financial statements.



haysmacintyre

Chartered Accountants
Registered Auditors
Fairfax House
15 Fulwood Place
London
WC1V 6AY

Date: 24 April 2007

PESTICIDE ACTION NETWORK UK

STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account) For the year ended 31 December 2006

	Note	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income and core funding	2	-	20,000	20,000	12,945
Activities to generate funds	3	-	83,900	83,900	61,062
Investment income	4	-	8,666	8,666	12,985
Incoming resources from charitable activity - research and advice	5	1,407,201	11,005	1,418,206	1,158,058
Other incoming resources		-	21,616	21,616	-
TOTAL INCOMING RESOURCES		<u>1,407,201</u>	<u>145,187</u>	<u>1,552,388</u>	<u>1,245,050</u>
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising and promotion costs	6	-	12,995	12,995	22,878
Charitable expenditure:					
Research and advice		1,474,462	14,868	1,489,330	1,195,394
Governance costs	8	-	8,588	8,588	14,202
TOTAL RESOURCES EXPENDED	7	<u>1,474,462</u>	<u>36,451</u>	<u>1,510,913</u>	<u>1,232,474</u>
Net income / (expenses)		<u>(67,261)</u>	<u>108,736</u>	<u>41,475</u>	<u>12,576</u>
TOTAL FUNDS AT 1 JANUARY 2006		<u>258,515</u>	<u>66,411</u>	<u>324,926</u>	<u>312,350</u>
TOTAL FUNDS AT 31 DECEMBER 2006		<u>£ 191,254</u>	<u>£ 175,147</u>	<u>£ 366,401</u>	<u>£ 324,926</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 13 to 27 form part of these financial statements.

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BALANCE SHEET As at 31 December 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible fixed assets	12		8,445		10,936
CURRENT ASSETS					
Debtors	13	93,028		39,487	
Cash at bank		747,954		532,069	
			840,982		571,556
CREDITORS: amounts falling due within one year	14	(483,026)		(257,566)	
			357,956		313,990
NET ASSETS	17		£ 366,401		£ 324,926
CHARITY FUNDS					
Restricted Funds	16		191,254		258,515
Unrestricted - Designated Funds	16		8,445		10,936
Unrestricted - General Funds	16		166,702		55,475
			£ 366,401		£ 324,926

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

The financial statements were approved by the Trustees on 24/04/07 and signed on their behalf, by:



Martin Tyler, Chair and Treasurer

The notes on pages 13 to 27 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" (revised 2005), applicable accounting standards and the Companies Act 1985.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Deferred income - when donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

1.5.1 Fund-raising costs

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

1.5.2 Support costs

Support costs are those costs incurred directly in support of expenditure on the objects of the company. Support costs have been allocated on a percentage basis consistent with the use of the direct resources.

1.5.3 Governance costs

Governance costs are those incurred in connection with enabling the charity to comply with external regulation, constitutional and statutory requirements and in providing support to the Trustees in the discharge of their statutory duties.

1.6 Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture and Fixtures	-	25%	straight line
Office Equipment	-	25%	straight line

1.8 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA as incurred.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The Company's pension policy is to make a contribution to individual employee personal pension schemes of up to 3% of the individual employee's gross salary which must be matched by the employee's own contribution.

1.10 VAT

The company is not registered for VAT purposes. In common with many similar other unregistered charities, the expenses are inflated by VAT, which cannot be recovered.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

2. VOLUNTARY INCOME AND CORE FUNDING

	Total Funds 2006 £	<i>Total Funds 2005 £</i>
1970 Trust	4,000	-
Kramer Trust	-	1,000
Zephyr Charitable Trust	2,100	2,100
Cuthbert Horn Charitable Trust	5,000	5,000
Environment Agency	2,000	
Other donations and contributions	6,900	4,845
	<hr/>	<hr/>
Total	£ 20,000	£ 12,945

3. ACTIVITIES TO GENERATE FUNDS

	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Consultancy income	33,936	21,155
PAN Europe management and administrative charges	15,000	14,480
BHOPAL salary and management recharges	30,939	19,547
Other activities to generate funds	4,025	5,880
	<hr/>	<hr/>
Total	£ 83,900	£ 61,062

4. INVESTMENT INCOME

	Total Funds 2006 £	<i>Total Funds 2005 £</i>
	<hr/>	<hr/>
Bank interest receivable	£ 8,666	£ 12,985

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Total Funds 2006 £	<i>Total Funds 2005 £</i>
UK AND EUROPEAN PROGRAMME		
<i>UK Public Influence & Change</i>		
Esmée Fairbairn Foundation	-	45,000
Sheepdrove	25,000	25,000
	25,000	70,000
<i>Local Action on Pesticides</i>		
E B Nationwide Ltd		6,090
Department for Environment, Food and Rural Affairs		
- Environmental Action Fund	-	-
Esmée Fairbairn Foundation	-	-
Bridge House Trust	10,000	10,000
Miscellaneous income	-	45
Civic Trust	-	7,132
BOC	-	4,000
	10,000	27,267
<i>Action on Pesticide Exposure</i>		
Esmée Fairbairn Foundation	-	-
Chapman Charitable Trust	15,000	10,000
The Joseph Rowntree Charitable Trust	24,586	28,346
Miscellaneous donations	-	175
	39,586	38,521
INTERNATIONAL PROGRAMME		
<i>Global Action to Eliminate Pesticide Hazards (formerly Agriculture, Trade and Food Security)</i>		
NOVIB (Oxfam Netherlands)	151,693	152,141
The Sigrid Rausing Trust	335,000	305,500
	486,693	457,641

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

INCOMING RESOURCES (CONTINUED)	Total Funds 2006 £	Total Funds 2005 £
<i>Pesticide and Poverty - Implementing Chemical Conventions and the African Stockpiles Programme (formerly Obsolete Pesticides Disposal)</i>		
The Cooperative Bank	-	-
The Sigrid Rausing Trust	-	7,500
World Wildlife Fund (US)	-	-
Food and Agriculture Organisation of the United Nations	7,943	-
World Bank - Development Grant Fund	395,212	222,423
Commission of the European Communities	240,715	246,997
	643,870	476,920
<i>Moral Fibre (Cotton Project)</i>		
Commission of the European Communities	33,712	-
JJ Charitable Trust	13,000	13,000
The Cooperative Bank	2,000	-
Hivos (Biodiversity Fund of the Dutch Government)	50,026	-
French Government	-	16,279
Comic Relief	-	25,000
JA Clark	15,000	15,000
	113,738	69,279
<i>Food and Fairness</i>		
Commission of the European Communities	73,314	-
Rowan Charitable Trust	-	3,000
The Rufford Maurice Laing Foundation	15,000	-
	88,314	3,000
Total project incoming resources from charitable activities	1,407,201	1,142,628
Publication sales and subscriptions	11,005	15,430
Total income from charitable activities	£ 1,418,206	£ 1,158,058

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

6. FUNDRAISING AND PROMOTION COSTS

	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Fundraising, publicity, promotion and annual Rachel Carson lecture	12,738	22,640
Other fund-raising costs	257	238
Total	£ 12,995	£ 22,878

7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff Costs 2006 £	Support Costs 2006 £	Other Costs 2006 £	Total 2006 £	<i>Total 2005 £</i>
Costs of generating funds:					
Fundraising and promotion costs	-	-	12,995	12,995	22,878
Total costs of generating funds	-	-	12,995	12,995	22,878
Charitable expenditure:					
United Kingdom and Europe programme	97,205	8,950	21,481	127,636	127,774
International programme	273,658	101,260	985,713	1,360,631	1,054,548
Information, Development and Outreach	-	1,063	-	1,063	13,072
Governance costs	-	-	8,588	8,588	14,202
Total resources expended	£ 370,863	£ 111,273	£ 1,028,777	£ 1,510,913	£ 1,232,474

The International programme "other" costs of £1,083,731 include transfers to overseas partners of £698,891. These partner transfers were made to other PAN organisations and relevant foreign networks for work to be carried out by them abroad.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

8. ANALYSIS OF GOVERNANCE COSTS

	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Auditors' remuneration - audit services	5,147	4,900
Auditors' remuneration - non-audit services	1,430	129
Legal expenses	30	1,975
Annual Review and reports printing	-	3,592
Strategic planning	630	2,485
Support costs	1,351	1,121
Total	£ 8,588	<i>£ 14,202</i>

9. ALLOCATION OF SUPPORT COSTS

	United Kingdom & European Programme £	International Programme £	Information Development and Outreach £	Governance £	Total 2006 £	<i>Total 2005 £</i>
Human Resources	1,154	13,058	137	174	14,523	153,947
Organisation costs	7,796	88,202	926	1,177	98,101	105,070
Total	£ 8,950	£ 101,260	£ 1,063	£ 1,351	£ 112,624	<i>£ 259,017</i>

Support costs are included with total charitable expenditure (note 7) and governance expenditure (note 8).

Support costs are allocated to charitable activities on the basis of total direct costs within each programme area. Therefore, each activity will absorb the support cost in line with the level of direct resources utilised by the activity.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

10. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets: - owned by the charity	3,666	6,838
Pension costs	5,534	7,026
Auditors' remuneration - audit services	5,147	4,900
Auditors' remuneration - non-audit services	1,430	129
	<u>14,777</u>	<u>18,903</u>

During the year, no Trustees received remuneration (see note below) (2005 – please see below).

During the year, no Trustees received any benefits in kind (2005 - £NIL).

During the year, no Trustees received reimbursement of expenses (2005 - one trustee, £202).

11. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2006 £	2005 £
Wages and salaries	330,551	324,745
Social security costs	34,778	34,408
Pension costs	5,534	7,026
	<u>370,863</u>	<u>366,179</u>

The average number of full-time equivalent employees during the year was as follows:

	2006	2005
United Kingdom and Europe Programme	5	5
International Programme	5	5
Administration & Finance	2	2
	<u>12</u>	<u>12</u>

No employee received remuneration amounting to more than £60,000 in either year.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

12. TANGIBLE FIXED ASSETS

	Bhopal Equipment £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2006	3,176	74,396	77,572
Additions	-	1,175	1,175
At 31 December 2006	3,176	75,571	78,747
Depreciation			
At 1 January 2006	-	66,636	66,636
Charge for the year	-	3,666	3,666
At 31 December 2006	-	70,302	70,302
Net book value			
At 31 December 2006	£ 3,176	£ 5,269	£ 8,445
<i>At 31 December 2005</i>	<i>£ 3,176</i>	<i>£ 7,760</i>	<i>£ 10,936</i>

Included in the cost of fixed assets brought forward in January 2006, is computer equipment of £3,176 belonging to the Bhopal Medical Appeal Fund. The computer asset had not been depreciated as it is expected to be handed over in the near future when the Bhopal Medical Appeal Fund is established as a separate organisation.

13. DEBTORS

	2006 £	2005 £
Due within one year		
Amount due from PAN Europe (see note 20)	9,908	15,360
Staff loan	125	1,717
Prepayments	214	657
Bhopal income receivable and prepayments	49,102	17,314
Other debtors	33,679	4,439
	£ 93,028	£ 39,487

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

14. CREDITORS:

Amounts falling due within one year

	2006	2005
	£	£
Deferred income (see note below)	45,000	-
Bhopal creditor	61,034	33,533
Trade creditors	50,089	5,550
Social security and other taxes	9,345	9,430
Bhopal medical funds (see note 15)	249,944	204,153
Accruals	22,026	4,900
Amount due to other PAN partners	45,588	-
	<hr/> £ 483,026	<hr/> £ 459,246

Note: Funds received from the Esmée Fairburn Foundation in December 2006 for work to be carried out in 2007 have been deferred to 2007.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

15. BHOPAL MEDICAL APPEAL FUNDS

	2006	2005
	£	£
Funds raised from public contributions for the International Medical Appeal for Bhopal were as follows:		
Balance of funds brought forward	£204,154	161,509
Contributions received	£235,345	276,120
Inland Revenue- Gift Aid	£46,600	13,789
Bank interest	£6,136	5,703
	492,235	457,121
Less Funds Applied:		
To Costs - National advertising campaign	(£119,235)	(108,422)
- Operating costs and bank charges	(£53,556)	(40,545)
To Distributions - Sambhavna Trust, Bhopal, India	(£69,500)	(104,000)
	£ 249,944	£ 204,154
Represented By:		
Fixed assets	£3,176	3,176
Bhopal Bank Account in Trust	£258,700	217,196
Net Debtors	£49,102	17,314
Net Creditors	(£61,034)	(33,532)
	£ 249,944	£ 204,154

The Sambhavna Trust, which runs the Bhopal People's Health and Documentation Clinic, has asked that a fund be built up and held in the UK. This provides it with more secure funding. The aim is to build up a fund that will guarantee the clinic can work in the long term without being dependent on annual fundraising. Funds are invested in a range of bank accounts including investment accounts.

At the time the accounts were approved in April 2007, Bhopal Medical Appeal obtained its charitable status and had started to operate independently.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
DESIGNATED FUNDS					
Fixed asset reserve	10,936	-	-	(2,491)	8,445
Subtotal	<u>10,936</u>	<u>-</u>	<u>-</u>	<u>(2,491)</u>	<u>8,445</u>
GENERAL FUNDS					
General Funds	<u>55,475</u>	<u>145,187</u>	<u>(36,451)</u>	<u>2,491</u>	<u>166,702</u>
Total unrestricted funds	<u>66,411</u>	<u>145,187</u>	<u>(36,451)</u>	<u>-</u>	<u>175,147</u>
RESTRICTED FUNDS					
UK Influence and Change	42,995	25,000	(67,995)	-	-
Local Action on Pesticides	6,938	10,000	(11,938)	-	5,000
Action on Pesticide Exposure	1,116	39,586	(35,253)	-	5,449
Global Action to Eliminate Pesticide Hazards (formerly Agriculture, Trade and Food Security)	57,146	486,693	(501,307)	-	42,532
Pesticide and Poverty - Implementing Chemical Conventions and the African Stockpiles Programme (formerly Obsolete Pesticides Disposal)	121,978	643,870	(686,621)	-	79,227
Organic Cotton Project (Moral Fibre)	28,095	113,738	(89,255)	-	52,578
Food and Fairness	247	88,314	(82,093)	-	6,468
Total Restricted Funds	<u>258,515</u>	<u>1,407,201</u>	<u>(1,474,462)</u>	<u>-</u>	<u>191,254</u>

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
Designated Funds	10,936	-	-	(2,491)	8,445
General Funds	55,475	145,187	(36,451)	2,491	166,702
Subtotal	<u>66,411</u>	<u>145,187</u>	<u>(36,451)</u>	<u>-</u>	<u>175,147</u>
Restricted Funds	258,515	1,407,201	(1,474,462)	-	191,254
Total of Funds	<u>£ 324,926</u>	<u>£ 1,552,388</u>	<u>£ 1,510,913</u>	<u>-</u>	<u>£ 366,401</u>

DESIGNATED FUNDS

Fixed assets reserve:

This reserve represents funds tied up in fixed assets belonging to PAN UK (£5,269) and Bhopal (£3,176).

RESTRICTED FUNDS

UK Influence and Change:

Works to influence agricultural policy in the UK for pesticide use reduction, and works with progressive retailers, crop advisers and farmers to promote safer and more sustainable alternatives. The project campaigns for withdrawal of the most hazardous pesticides.

Local Action on Pesticides:

Highlights the increasing levels of exposure to pesticides that occur in our homes, our communities and our places of work. It explains how and where exposures occur and works to minimise them.

Action on Pesticide Exposure:

Is a support and advisory service for anyone whose health has been affected by exposure to pesticides. The project documents problems and calls on policy-makers and health authorities to promote safer alternatives.

Global Action to Eliminate Pesticide Hazards (formerly Agriculture, Trade and Food Security):

Encompasses our joint programme with PAN Regional Centres in Africa, Asia and the Americas. The project works to strengthen action in international initiatives to address pesticides problems and to bring field level problems to international attention, in order to help reduce pesticide hazards in developing countries and to promote sustainable alternatives.

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

RESTRICTED FUNDS (continued)

Pesticide and Poverty - Implementing Chemical Conventions and the African Stockpiles Programme (formerly Obsolete Pesticide Disposal):

Working with African partners, the programme is helping to implement new international initiatives and to encourage their support for safe and just development. It is building on the leading role PAN has played in drawing attention to the huge stockpiles of obsolete pesticides that have accumulated in all African countries, for example through over-supply, unwanted donations or poor storage and management. This has led to a global partnership, the African Stockpiles Programme, to eliminate stockpiles across the continent and PAN UK is playing a leading role with PAN Africa to engage and support local public interest organisations in the disposal and prevention activities, and in promoting more sustainable alternatives.

Organic Cotton project:

'Moral fibre' has worked with over 50 businesses, designers and NGOs to set an ambitious target of 10% of cotton textiles sold in the UK to be organic by 2010, and the use of organic is growing rapidly. The project supports partners in West Africa who are helping resource-poor farmers convert to organic.

Food and Fairness:

Is a project to generate support for safer and more sustainable farming systems that enhance the livelihoods of women and men in African agriculture. Stricter pesticide regulations in Europe and supermarkets' quality standards may discriminate against many smallholders if they cannot comply with these requirements.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Tangible fixed assets	-	8,445	8,445	10,936
Current assets	236,842	604,140	840,982	571,556
Creditors due within one year	(45,588)	(437,438)	(483,026)	(257,566)
Total	£ 191,254	£ 175,147	£ 366,401	£ 324,926

18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The contributions are paid to the individual employees' personal pension schemes. The pension cost charge represents contributions payable by the company to the personal pension schemes and amounted to £5,534 (2005: £7,026).

PESTICIDE ACTION NETWORK UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

19. OPERATING LEASE COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Other Assets		Building	
	2006 £	2005 £	2006 £	2005 £
Expiry date:				
Between 2 and 5 years	<u>£ 3,285</u>	<u>£ 3,285</u>	<u>£ 39,563</u>	<u>£ 36,554</u>

20. RELATED PARTY TRANSACTIONS

Pesticide Action Network UK and PAN Europe are connected by the fact that Pesticide Action Network UK is a founder member of PAN Europe and provides administrative facilities to PAN Europe.

During the year, Pesticide Action Network UK recharged PAN Europe an amount of £15,000 (2005-£14,480) to cover salary and office costs incurred on their behalf during the year.

Some project funding is raised for the PAN organisations with PAN *UK* acting as the lead partner with the donors. An example of this is funding received from The Sigrid Rausing Trust for the project Global Action to Eliminate Pesticide Hazards, which is administered by PAN *UK* on behalf of the whole PAN Network. Out of a total grant of £300,000 a sum of £240,000 was distributed to PAN Europe, PAN Germany, PAN Africa, PAN Asia Pacific and PAN Latin America. Where this occurs, PAN *UK* retains responsibility for overseeing the project reporting and finances for project collaboration.