



# **The Moray Firth Partnership**

**(A Company Limited by Guarantee)**

## **Report of the Directors and Financial Statements**

**for the year ended 31 March 2011**

**The Moray Firth Partnership is a charity  
registered in Scotland, number: SC028964**

**Company number: SC196042**

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

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**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011**

**(A) REFERENCE AND ADMINISTRATIVE DETAILS, DIRECTORS AND ADVISERS**

**DIRECTORS:**

Michael Comerford	
George Dobbie	
Clive Goodman	
George Hogg	Vice Chair (Re-elected Nov.2010)
Gordon Mackie	
Maureen Macmillan	Re-appointed Chair 12 Nov 2010
Sinclair Young	Retired 12 Nov 2010

**SENIOR STAFF MEMBERS:**

Kathryn Logan	Partnership Manager
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**COMPANY NUMBER:** SC196042

**CHARITY NUMBER:** SC028964

**REGISTERED OFFICE:** Great Glen House, Leachkin Road, Inverness, IV3 8NW

<b>COMPANY SECRETARY:</b>	Morton Fraser, Solicitors	30/31 Queen Street, Edinburgh EH2 1JX
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<b>INDEPENDENT EXAMINER:</b>	J. Waugh Johnston Carmichael LLP	Clava House, Cradlehall Business Park, Inverness, IV2 5GH.
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**The Moray Firth Partnership  
Great Glen House  
Leachkin Road  
Inverness  
IV3 8NW**



## **THE MORAY FIRTH PARTNERSHIP (A Company Limited by Guarantee)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

#### **(B) STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### Background

- The Moray Firth Partnership (MFP) was set up in 1992 as one of a number of “Firths Projects”, in response to the Rio Earth Summit call for integrated coastal zone management (ICZM).
- Our area of remit includes 800km of coastline from John O’Groats to Fraserburgh and the coastal waters out to the 12 nautical mile limit, as well as river systems that feed into the Firth.
- The MFP, along with other coastal partnerships, aims to provide a voluntary, sustainable and holistic approach to the integrated management of the natural, economic, recreational and cultural resources of the area in order to retain and enhance a high quality of life for all of its residents and visitors.
- Our role is as an influencing body, aiming to promote agreement through dialogue and consensus. The MFP is not a lobby group, and does not “take sides” on issues. Our ‘neutral’ status lets us bring together many diverse interest groups and helps them to develop joint actions. We provide a forum to share information, discuss, plan and implement integrated ways of addressing issues arising from the many, competing demands on the Moray Firth, and aim to improve communication between all interests relating to the Moray Firth.
- The Partnership is a voluntary coalition of a wide range of organisations and individuals, with over 630 members that have an interest in the Firth. Membership is free and open to anyone. Members include local authorities and statutory agencies, fishing interests, port and harbours, oil and other commercial interests, local businesses, community groups and individuals.

##### Structure of the Moray Firth Partnership

The Moray Firth Partnership became a Company Limited by Guarantee and a registered Scottish charity in 1999.

The Memorandum and Articles of Association, the governing documents of the company, were reviewed and updated in 2006 following an external review of the organisation and recommendations for streamlining its management and administration.

##### The Board of Directors

The company has a small Board with a maximum of seven directors who are responsible for the good governance of the company. The directors, who are all voluntary and unpaid, are also the trustees of the charity. Appointment is by election at the Annual General Meeting (AGM) for a period of up to three years. All directors are elected as individuals based on their knowledge and skills and not as representatives of any organisation or interest group. One-third of the directors are required to stand down annually, but are eligible for re-election at the AGM. The Board elects the Chairman annually at the first meeting following the AGM.

The Board also oversees the work of any action groups or steering groups that are set up under the auspices of the Partnership.

**THE MORAY FIRTH PARTNERSHIP  
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(B) STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

New Directors

New directors are provided with background information and meet with other Board members and staff to become acquainted with the work, aims and values of the Partnership.

Company membership

The Moray Firth Partnership currently has about six hundred and forty members, all of whom are encouraged to play an active part. Membership is free and is open to any individual or organisation. There are two separate classes of membership; Ordinary, open to individuals, and Corporate, restricted to organisations.

Liability of members

In the event that the company is wound up without sufficient assets, the liability of members is restricted to £1 each.

Action groups

The MFP's work in Integrated Coastal Zone Management (ICZM) involves many inter-related issues, some of which are progressed through separately funded projects. Where relevant, our work is guided by topic-based action groups, such as the existing Heritage Group. These all include representatives from external organisations and interests.

Staffing

During the year there were two full-time equivalent posts- a Partnership Manager and the Partnership Administrator. Staff members are involved in all aspects of developing and managing projects, as well as fundraising and the general management and governance of the MFP, and may have specific duties delegated to them by the Board. Further assistance is contracted-in as required on an ad hoc basis using freelance contractors or agency staff.

Budgeting

The Board agrees a forward budget for each financial year, covering the core and project activities of the Partnership. Within the budget constraints, day-to-day management of activities is delegated to the Manager to secure value for money and minimise costs.

New projects and work

Any new project proposals are subject to Board approval, based on a project outline, budget and risk assessment, in line with the stated aims and values of the Partnership. Directors may also be involved in carrying out or managing project work, in which case their activities are subject to the same scrutiny by the remaining Board members as if the work was done by staff or contractors.

Register of interests

Directors and staff are required to declare any interest they, or members of their family or other related persons, may have in contracts or work to be carried out, or projects to be funded by the Partnership. Other than as noted in Section G – 'Related party transactions and directors' interests', no interests were declared in 2010/11.

**THE MORAY FIRTH PARTNERSHIP  
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(B) STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

Risk review

The Partnership maintains a risk register covering the main business, operational and financial risks, as well as health and safety, which is reviewed regularly by the staff and the Board. The Directors reviewed the major risks to which the Partnership is exposed on 16 February 2009, and are satisfied that systems are in place to manage and minimise exposure to such risks. The directors have agreed clear lines of delegation and authority to staff and have involved staff in recognising risk in all their activities.

Investment powers

Under the Memorandum and Articles of Association, the company has the powers to invest any monies of the Partnership not immediately required for its purpose as the directors see fit. The Partnership currently operates a single Treasurer's account and does not have other forms of investment.

**(C) OBJECTIVES AND ACTIVITIES**

Our objectives

The Principal objective of the company is defined by clause three of its Memorandum of Association as follows:

“for the benefit of the local communities living and working within the area of the Moray Firth and the public generally to advance the education of those local communities in particular and the public as a whole in the wise and sustainable use and conservation of the resources of the Moray Firth, and (where it has an impact on the foregoing) the land surrounding the Moray Firth. (For the purposes of this clause, “the Moray Firth” shall include that part of the territorial waters of the Moray Firth that extends from Duncansby Head to Fraserburgh and the landward area where it has impact upon the Moray Firth.”

Values

In everything we do, we aim to add value and be inclusive, transparent, neutral and apolitical, strategic and sustainable. These values are applied to all projects, groups and activities being run under the auspices of the Partnership.

Aims

The Partnership has four strategic aims:

- To encourage and support **long term sustainable management** of the Moray Firth through strategic thinking and planning.
- To facilitate **integration, synergy, consensus building and conflict-resolution** between stakeholders in relation to strategic issues and issues arising.
- To encourage and enable **community participation** in the stewardship of coastal and marine resources.
- To **raise awareness and improve understanding** of the Moray Firth, its resources, strengths, opportunities and vulnerabilities by sharing information.

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(C) OBJECTIVES AND ACTIVITIES (CONTINUED)**

Decision Making and Forward Planning

The Board of Directors decides on the priority actions for the partnership based on the strategic directions agreed by members at the annual general meeting, and in a way that meets its statutory requirements. Day to day management decisions are made by the Manager, in liaison with the Board where appropriate.

Following an independent review of strategic priorities for the Moray Firth in 2007 (and the Strategic Group's Vision Statement) the Board identified potential strategic projects for the three years to 2011 and agreed to broaden the core work programme to help attract / retain key core funding. This included work towards better management of the Moray Firth: pressures, issues and management responses. As a result, funding was secured during 2009/10 for ongoing work on gathering information for marine planning, which contributes to the priority work areas. (See Marine Planning and Sustainable Recreation & Tourism project and the Bottlenose Dolphin Economic Survey in section D below.) Other project elements will be rolled out as funding and staff time permit.

The Business Plan for 2011/12 and beyond will be circulated to members and potential funders, to generate additional support and financial assistance for key work.

Core Funding and Key Funders

In 2009 and 2010, the Scottish Government (per Marine Scotland) contributed £32,000 towards the MFP costs, replacing the core funds formerly allocated through Scottish Natural Heritage. The Marine Scotland contribution is not core funding as such, and a work programme has been agreed for each year, including work on local consultations and developing a marine sectoral interactions study for the Moray Firth in 2010/11. (The SNH grant had stayed at the same rate for nine years as part of the SNH policy to reduce its percentage support of local coastal partnerships.) Due to inflation and rising costs, the value of this grant has reduced considerably in real terms over the years, but represents around 40% of current core costs, which is a major contribution to the work of the Partnership.

For 2011/12, Marine Scotland is expected to continue to fund the MFP at £32,000, but awards are currently made annually and a decision is due in late 2011, based on a new agreed work programme.

Scottish Natural Heritage has generously committed to employing and providing office space for the two core MFP staff for the year on the current basis.

In addition to the Scottish Government and Scottish Natural Heritage, we wish to particularly recognise the other funders who have continued to support the work of the partnership year on year, enabling a wide range of core and project work to be completed. These include Aberdeenshire Council, Chevron Upstream Europe, Cromarty Firth Port Authority, Inverness Harbour Trust and Talisman (UK) Ltd., as well as others listed on page eighteen.

The lack of confirmed core funding creates difficulties in relation to the longer-term planning desirable for integrated coastal zone management. The company requires to consider, as part of its future strategy, how this situation is to be managed and how to secure additional core-funding from other sources, so that it can develop major projects over 3-5 years that will generate sufficient funds to pay for core staff time and work.

**THE MORAY FIRTH PARTNERSHIP  
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2010/11**

Community Grants Scheme

Since 2001, this annual Community Grants Scheme (funded through Scottish Natural Heritage and other key partners) has paid out over £102,000 in “seed corn” grants to 125 different community-led projects, enabling work valued at over £1million for the benefit of Moray Firth communities. The 2010/11 scheme issued £7,800 to 9 community groups, for works including providing a sensory wildlife experience for visually impaired, coastal heritage and natural heritage identification/ recording, path restoration works and removal of invasive non-native species. Due to lack of secured funding, we regret the Grant Scheme could not be continued in 2011/12.

North Sea Trail Association

In March 2007, 25 partner areas from six countries formed the “North Sea Trail Association” to continue the North Sea Trail website and maintain contact and cooperation between partners following the official end of the project. The MFP Manager, Kathryn Logan, acts as the Scottish representative and honorary treasurer. The UK North Sea Trail group is perhaps the most active national group, and held a meeting in 2010 to which all partners were invited. Due to restrictions in flying caused by the volcanic ash clouds, as well as lack of funding, none of the other international groups were able to attend in person. New partner areas with trails are being invited to join the Association and fill in the gaps in the trail around the coast, such as Angus, Dundee, Edinburgh City, the Borders & Durham. The Scottish Government has proposed the creation of a ‘Scottish Coastal Way’, which would mirror the proposals in England and Wales for a right of way around the coast, and encourage coastal access and recreation. Scottish Natural Heritage has been in discussion with local authorities and land-owners, although the lack of funding to take any physical developments forward means that little practical progress is envisaged meantime.

The MFP received financial support from Aberdeenshire Council, the former lead partner of the North Sea Trail project, to undertake this work and help continue the legacy of the project, including attending the annual AGM of the Association.

The Moray Firth Special Area of Conservation (SAC) Management Scheme

The MFP continued its role as Secretariat to the SAC Management Group as part of its core project work. In 2010, the MFP facilitated two SAC Management Group meetings and in Feb 2011 led on completion of the first annual review of the Revision 2 Action Plan. The SAC MG has agreed to create a simple, spatial marine plan for the Moray Firth that could be used as a blueprint as and when Regional Marine Planning is introduced through the Scottish Government. The Group agreed that the MFP should play a lead role in taking forward the work with member support. A sub group will be set up later in 2011, which will consider how this should be developed and funded.

**THE MORAY FIRTH PARTNERSHIP  
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2010/11 (continued)**

Moray Firth Gansey Project

This three year heritage project focuses on ganseys -traditional fishermen's jumpers- as a means of interesting people in their coastal heritage, conserving a disappearing heritage resource and promoting skills development, business development and diversity of opportunity in coastal communities. Links have been made with heritage organisations in other North Sea countries and a transnational interest established in the project. Significant progress on all key objectives has been made in year through three local area project co-ordinators. Gansey-patterned apparel featured in a major London Fashion catwalk event in Feb 2011. Knitters from the Moray Firth area were involved in creating the garments and future commission work will form a key stepping stone for creation of the Moray Firth Gansey co-operative. The project's success was recognised in the Scottish Parliament Motion by MSP Dave Thompson (<http://www.scottish.parliament.uk/business/businessBulletin/bb-11/bb-02-28f.htm>)

Website and Communications Development and "Moray Firth Directory"

Thanks to funding from Talisman Energy UK Ltd., work has progressed to redevelop the MFP website and enhance the range of information available. This includes creation of an electronic "Moray Firth Directory", listing key organisations and contacts around the firth and the main resources they hold which will be available to the public. A separate MF harbours directory pulls together information on ports, harbours and marinas around the Moray Firth aimed at visiting boats / recreational users, which will also be available through a mobile phone application. The launch of the new website and directory will take place in 2011.

Moray Firth Data Gathering

The MFP is now actively recording information on licences, consents etc. issued relative to the Moray Firth so that information will be available in one location in order to assist future marine planning initiatives. Marine Scotland and other bodies now provide notification when licences are issued. We are most grateful to Chevron Upstream Europe, whose contribution to the MFP in 2010 was used to set up this work alongside the new Moray Firth Directory and Harbours Directory.

Marine Planning and Sustainable Marine Recreation and Tourism (SMT)

Significant research and survey work was completed in March 2011 and has contributed to requirements for future marine planning by filling information gaps and identifying where additional work may be required. Programmed work completed included a marine recreation and tourism survey, a desk-based marine traffic survey (including commercial and recreational boat traffic), an aerial photographic survey, collation of data on a range of issues, including building up the profile of the Moray Firth. The project was continued to 2010/11 to provide more time for data gathering and the incorporation of several studies and reports recently completed by other organisations and to allow additional time for input from other partners. The Crown Estate and Scottish Natural Heritage were the key funders for this project.

**THE MORAY FIRTH PARTNERSHIP  
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2010/11 (continued)**

Bottlenose Dolphin Economic Survey / Sustainable Marine Tourism

Supported by the Scottish Government, Scottish Natural Heritage and six local authorities around the east coast from Highland to Fife, the MFP initiated this study to address the lack of current data relating to the economic tourism value to the East Coast of Scotland from bottlenose dolphins. The final report entitled "*The Value of Tourism Expenditure related to the East Coast of Scotland Bottlenose Dolphin Population*" (commissioned through the Aberdeen Centre for Environmental Sustainability ACES) was launched on Monday 4 October 2010 at Cullen by Richard Lochhead, MSP.

The information from this survey was provided to the Scottish Government for incorporation in their separate study on the Economic Impact of Wildlife Tourism in Scotland and is referenced within the State of Scotland's Seas Atlas. The report has helped highlight areas of future work to develop a sustainable marine tourism industry that could be taken forward by the project partners and other relevant organisations. An informal East Coast Scotland network led by the MFP and comprising seven local authority areas from Highland to Fife, Marine Scotland, Scottish Natural Heritage, Visit Scotland and other key partners from the Dolphin Economic Survey, met in October 2010 to review options for taking forward a joint area project. It was agreed for the MFP (and others) to develop and seek funding for a "Wildlife SMarT" (Sustainable Marine Tourism) project. This would follow on from and extend the work previously carried out through the Moray Firth Dolphin Space Programme (which ended in Jan 2011) to other key dolphin watching areas around the east coast, and also tie in to other development work suggested by the "East Coast Network" of partners.

Engaging with Young People and Business

As part of a wider communications and member / volunteer development strategy, this programme of work, part funded by Talisman Energy (UK) Ltd will:

- look for new ways of improving 2 way communication and create practical opportunities, particularly for young people outwith schools and colleges,
- develop new, tailored education materials suitable for schools groups, and the public,
- promote opportunities for businesses, groups and individuals to achieve their own goals of team building / corporate responsibility / personal development by identifying tailored events that will also benefit the Moray Firth environment and biodiversity, and
- involve more people in projects with tangible benefits for the local community.

Working with local Rangers and other youth group organisers we will provide more opportunities for young people to learn about and care for an area of the Moray Firth coast, and at the same time encouraging them to achieve a certificated "Wild Places" Award through the John Muir Award scheme.

Activities in 2010/11 included two school visits with talks and beach cleans carried out, the MFP "Beach Guardians" Beach Clean Kit loaned out to various groups in year and information provided to communities and schools groups and one Beach Clean & survey completed as part of Adopt a Beach/ Beachwatch.

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2010/11 (continued)**

Dolphin Space Programme (DSP)

The Dolphin Space Programme is a long-running initiative working with dolphin tour boat operators to promote sustainable practices that enable tour boats to operate in the area without significant detrimental effect on the dolphin population. The MFP has been a steering group member of the Dolphin Space Programme for some years. As of March 2011, the project officer post which had been funded through the Whale and Dolphin Conservation Society, Scottish Natural Heritage and others ceased, and the MFP then agreed to take on a temporary 'care and maintenance' role until such time as new project funding could be secured, potentially through the Wildlife SMaRT project. The MFP has therefore taken over maintenance of the website and mobile phone, relaying issues such as complaints, queries, applications for accreditation etc. to the appropriate body and acts as a point of contact for the steering group members.

**(E) PLANS FOR 2011/12 AND BEYOND**

The Moray Firth is of significant natural heritage importance, with over 80 designated sites, and the presence of a range of protected species, including the Bottlenose dolphin, which is also of major economic importance to the Scottish tourism industry. The Moray Firth is presently being evaluated as a potential location for a number of renewable energy developments, particularly offshore wind farms, as well as having licensed exploration areas for oil and gas in addition to the existing Beatrice oilfield. Inshore fisheries, particularly for species such as squid and nephrops, are also a significant resource. The way in which potential developments are managed, and the implications for current users, the environment and socio-economic development of the firth, are of critical importance and will be a key focus for a wide range of organisations for the foreseeable future.

In March 2010, the new Marine (Scotland) Act gained Royal Assent and the Scottish Government is now working to implement this and to pass any necessary secondary legislation. Public consultations took place in autumn 2010 re the size and geographic boundaries of the proposed Scottish Marine Regions and a range of other issues. The Moray Firth may be one region, or part of a larger region, which will impact on the role that the MFP may be expected to play. Within the business plan for 2010/11, time has been set aside to assist Marine Scotland with local consultations on aspects of the Marine Act,

Local Coastal Partnerships expect to play a role in future marine planning initiatives. Exactly what this role may be and what financial support will be provided is the subject of ongoing discussion with Marine Scotland.

For 2011 and beyond, the MFP will put forward proposals for carrying out necessary groundwork as a precursor to development of a local marine plan, including:-

- creation of an interactions and sensitivities matrix
- gathering of baseline socio-economic data, and
- preparing an environmental /ecosystem baseline- data review.

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(E) PLANS FOR 2011/12 AND BEYOND (continued)**

The MFP aims to work with other stakeholder organisations to compile this information from a wide range of sources, and to provide a more comprehensive picture of resources, activities and sensitivities in the Moray Firth area.

The Moray Firth SAC Management Group has agreed to develop a local spatial marine plan for part of the Moray Firth area, which could provide a blueprint for a future regional marine plan once this is taken forward by Marine Scotland under the new Marine (Scotland) Act 2010. The MFP has been nominated to play a key role in taking this forward, and a sub-group has been delegated to identify how the plan can best be developed and funded.

(Note: At the time of writing, there is as yet no clear timetable for developing Regional Marine Plans. Early indications from Marine Scotland are that the Clyde and Shetland areas, which already have plans produced under the Scottish Sustainable Marine Environment Initiative (SSMEI), will be rolled out first, perhaps in 2012/13, with other areas potentially following over the course of two or more years.

The MFP Business Plan 2011/12 sets out key areas of work in integrated coastal zone management, encompassing a range of preparatory work for marine planning that will help facilitate proposals by Marine Scotland and others.

Until such time as there is a clearer indication of how Regional Marine Planning is to be set up and managed, and the future role for the MFP within that, our aim is to maintain the status quo in terms of our set up and constitution. Given the challenges ahead for the many stakeholders involved in marine and coastal matters, it is considered more important than ever that the Moray Firth Partnership continues its current role as an independent organisation and neutral broker. We therefore aim to continue to secure core and project management fees from a range of sources to pay for staff time, as well as meeting the MFP's charitable aims re integrated coastal zone management and future marine planning.

**(F) GENERAL ACCOUNTING PRINCIPLES**

Independent examination

In accordance with Article 56 of the company's Articles of Association, the Board has agreed that the statutory financial statements for the year ended 31 March 2011 should be examined by an Independent Examiner instead of being audited. The MFP's income for the year is less than £500,000 and gross assets are below, therefore entitling it to benefit from audit exemption. A motion will be proposed at the AGM authorising the directors to appoint an Independent Examiner to the Partnership and to fix their remuneration.

Restricted and unrestricted funds

In line with the Statement of Recommended Practice, Accounting and Reporting by Charities, all non-core project activities and all in-kind contributions are shown as restricted funds. Only general core activities of the Partnership are classed as unrestricted funds.

Donated services and facilities and gifts in-kind

Services and facilities provided in-kind, such as the provision of office accommodation, design services etc. are included at a reasonable estimate of their gross value or open market cost. Full details of in-kind donated services and facilities are included in note three on page eighteen.

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(G) FINANCIAL REVIEW**

Results for the year ended 31 March 2011

For the financial year ended 31 March 2011, the company had a deficit on core activities of £9,968 (2010 deficit £1,696) and a deficit on project funds of £20,213 (2010 surplus £23,433), giving a net deficit of £30,181 (2010 surplus £21,737). The balance of accumulated funds carried forward at 31 March 2011 was £64,298 (2010 £94,479). The full results for the year are set out in the Statement of Financial Activities on page fourteen.

Reserves

In view of uncertainty over future funding for Scottish Local Coastal Partnerships, and the timescale and remit in relation to regional marine planning under the Scottish Marine Act, the directors currently aim to have unrestricted free reserves in the region of six months ongoing core costs. At 31 March 2011, the free reserves totalled £30,219, equivalent to less than five months' core running costs per the 2011/12 budget. The directors consider that the free reserves of the charity are at the minimum acceptable level, given the funding already secured and their current contractual obligations, and will review the future sustainability of the partnership in light of financial results during the forthcoming year.

Related party transactions and directors' interests

The following related party transactions occurred during the year. The receipt of funds from related organisations is not considered to have influenced the pursuance of the separate, independent interests of the MFP, but is disclosed in accordance with statutory requirements and in the interest of transparency.

- Director George Hogg is an employee of Scottish Natural Heritage (SNH), which continues to provide in-kind support in the form of serviced office accommodation, payroll administration and HR services, IT services etc. The MFP will also apply to SNH for grants towards specific projects where appropriate, such as the Dolphin Space Programme & Wildlife SMaRT.
- The Moray Firth Partnership Manager and Administration Assistant are jointly employed by the company and Scottish Natural Heritage (SNH), and have the same terms and conditions as other SNH staff. This historical arrangement has been allowed to continue to ease the administrative burden on the Partnership re payroll administration and employer services. The cost of MFP salaries is reimbursed to SNH. Staff pension costs and the costs of payroll administration are benefits provided in-kind to the Partnership and included in the "donated services and facilities" category in the Statement of Financial Activities. In 2010, SNH funded the recruitment of the partnership Administrator post, and the costs of this are also included as "in kind".

Funding and support

Year ended 31 March 2011

Details of cash and in-kind contributions received are in notes two and three on page eighteen. We wish to thank those who are actively involved through the various action groups and projects, as well as the wider membership, for their time and support, which provides an invaluable contribution to the good management and overall success of the Partnership.

**THE MORAY FIRTH PARTNERSHIP  
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011  
(continued)**

**(G) FINANCIAL REVIEW (continued)**

Future funding

The Partnership has sufficient secured income and free reserves to cover the budgeted core costs of £82,900 for the year to March 2012. However, the deficit incurred over the last two years has reduced its free reserves, and means that additional income must be secured during 2011 to provide sufficient resources to allow the partnership to continue beyond 2012. The Directors have identified the costs that would be incurred were the Partnership required to wind-up its operations in an orderly fashion and to maintain the information sources and will ensure that the company operates within its resources. The members of the MFP will be asked to consider at the next AGM how they wish the Partnership to continue and how to fund the role it is asked to play.

The directors gratefully acknowledge the contributions made to the MFP by those organisations listed on page eighteen, both in cash and in-kind, which have enabled us to continue our work.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

.....  
Maureen Macmillan, Chair

Dated: 18 October 2011

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF  
THE MORAY FIRTH PARTNERSHIP (A Company Limited Guarantee)  
FOR THE YEAR ENDED 31 MARCH 2011**

I report on the accounts of the charity for the year ended 31 March 2011 which are set out on pages 14 to 21. This report is made solely to the charity's board of directors, as a body, in accordance with the terms of the engagement. My work has been undertaken to enable me to undertake an independent examination of the charity's accounts on behalf of the charity's board of directors and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's board of directors as a body, for my work or for this report.

**Respective responsibilities of trustees and examiner**

The charity's directors are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's directors consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

**Basis of independent examiner's statement**

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the directors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

**Independent examiner's statement**

In the course of my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
  - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations have not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....  
Jamie Waugh FCA  
Independent Examiner  
For and on behalf of Johnston Carmichael LLP  
Clava House  
Cradlehall Business Park  
Inverness. IV2 5GH

Dated:.....

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND  
EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2011**

	Note	Restricted funds £	Unrestricted funds £	Total funds 2011 £	Total funds 2010 £
<b>Incoming resources</b>					
Voluntary income:					
- Grants and donations		20,509	49,012	69,521	139,176
- Other misc income received	2	1,058	142	1,200	3,000
- Donated services and facilities (in-kind)	3	11,255	-	11,255	9,742
		<u>32,822</u>	<u>49,154</u>	<u>81,976</u>	<u>151,918</u>
Investment income:					
- Bank interest received		-	-	-	-
Total incoming resources		<u>32,822</u>	<u>49,154</u>	<u>81,976</u>	<u>151,918</u>
<b>Resources expended</b>					
<b>Charitable activities</b>					
- Donated services and facilities (in-kind)	3	11,060	-	11,060	9,742
- All other activities costs	4	32,565	65,505	98,070	117,495
		<u>43,625</u>	<u>65,505</u>	<u>109,130</u>	<u>127,237</u>
<b>Governance costs</b>					
Donated services and facilities (in-kind)	3	195	-	195	-
Other governance costs		-	2,832	2,832	2,944
	5	<u>195</u>	<u>2,832</u>	<u>3,027</u>	<u>2,944</u>
Total resources expended		<u>43,820</u>	<u>68,337</u>	<u>112,157</u>	<u>130,181</u>
<b>Net incoming/(outgoing) resources before transfers</b>					
		<u>(10,998)</u>	<u>(19,183)</u>	<u>(30,181)</u>	<u>21,737</u>
Transfer between funds	12	<u>(9,215)</u>	<u>9,215</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		<u>(20,213)</u>	<u>(9,968)</u>	<u>(30,181)</u>	<u>21,737</u>
Total funds at 1 April 2010		<u>54,292</u>	<u>40,187</u>	<u>94,479</u>	<u>72,742</u>
<b>Total funds at 31 March 2011</b>		<u>34,079</u>	<u>30,219</u>	<u>64,298</u>	<u>94,479</u>

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the deficit for the year.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**BALANCE SHEET**

**YEAR ENDED 31 MARCH 2011**

	Note	2011		2010	
		£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	8		-		-
<b>CURRENT ASSETS:</b>					
Debtors	9	17,433		22,952	
Cash at bank and in hand		<u>50,266</u>		<u>80,864</u>	
		<b>67,699</b>		<b>103,816</b>	
<b>CURRENT LIABILITIES:</b>					
Creditors (amounts falling due within one year)	10	<u>(3,401)</u>		<u>(9,337)</u>	
<b>NET CURRENT ASSETS:</b>			<u><b>64,298</b></u>		<u><b>94,479</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u><b>64,298</b></u>		<u><b>94,479</b></u>
<b>RESERVES:</b>					
Restricted funds	12		<b>34,079</b>		54,292
Unrestricted funds			<u><b>30,219</b></u>		<u>40,187</u>
Total funds			<u><b>64,298</b></u>		<u><b>94,479</b></u>

The directors are satisfied that the company is entitled to exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and if its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable the company.

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

ON BEHALF OF THE BOARD:

Maureen Macmillan, Chair

George Hogg, Vice Chair

Approved by the Board on 18 October 2011

**Company Number: SC196042**

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2011**

**1. ACCOUNTING POLICIES**

**Basis of preparation of accounts**

In accordance with the Companies Act 2006, the financial statements aim to provide information that is relevant, reliable, comparable and understandable and has been prepared in accordance with:

- The historical cost convention.
- The Financial Reporting Standard for Smaller Entities (FRSSE 2008).
- The Statements of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).
- The going concern basis and the accruals basis.
- Applicable accounting standards.

The charity has availed itself of section 396 of the Companies Act 2006, as permitted in paragraph 4(1) of schedule 1 of Statutory Instrument 2008 No.409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

**Incoming resources**

**Voluntary income**

Subject to the general rules on the recognition of incoming resources, entitlement, certainty and measurability, voluntary income such as donations and grants are included in incoming resources when they are receivable.

**Gifts in-kind and donated services and facilities**

Gifts in-kind and donated services and facilities are included in income at a valuation that is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party.

**Interest receivable**

Interest is included when receivable by the company.

**Grant making policy**

The Partnership makes grants to community or non-profit making groups and education establishments under its "Community Grants Scheme", using donated funds that have been specifically secured for that purpose. Grant awards are intended to encourage activities at a local and community level that contribute to the stated aims and objectives of the Partnership and benefit the coast and sea of the Moray Firth. Additional criteria may be laid down for the disbursement of specific sums, where required by the donor, as long as these are consistent with the Partnership's overall aims.

**Resources expended**

Resources expended are included in the Statement of Financial Activities on an accrual basis, including any VAT that cannot be recovered. The majority of costs are directly attributable to specific project activities. Any shared costs are apportioned to activities on a best estimate basis.

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2011**

**1. ACCOUNTING POLICIES continued**

**Categorisation of resources expended**

Only costs that are directly attributable have been shown separately as governance costs or the costs of generating funds e.g. the costs of Board and general meetings included in Governance costs. Other costs, including all staff costs, are shown as Charitable activities. All the MFP staff are involved in a range of activities including fundraising, project management and governance of the charity, and it is not possible to meaningfully allocate costs to the individual categories.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment - 25% on cost.

**Funds accounting**

Unrestricted funds are funds that can be used in accordance with the charitable objectives at the discretion of the directors.

Restricted funds can only be used for particular restricted purposes within the objectives of the charity. Restrictions arise when specified by the donor or when the funds are raised for particular restricted purposes, such as specified projects. All gifts in-kind and donated services and facilities have been included as restricted funds income.

THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2011

	Restricted funds	Unrestricted funds	Total funds 2011	Total funds 2010
	£	£	£	£
<b>2. GRANTS AND DONATIONS RECEIVED (Excluding gifts in-kind and donated services and facilities)</b>				
Aberdeenshire Council		8,000	8,000	10,000
Angus Council			-	1,500
Chevron Upstream Europe	5,000		5,000	5,000
Cromarty Firth Port Authority		4,000	4,000	4,000
The Crown Estate			-	9,000
Dundee City Council			-	1,500
Fife Coast and Countryside Trust			-	1,000
Heritage Lottery Fund			-	25,000
Highland Council (The)	1,000		1,000	2,000
Interreg IIIB (Nortrail)			-	21,093
Ithaca			-	500
Inverness Harbour Trust		4,000	4,000	4,000
LEADER 2007-13 (Highland, Moray and Rural Aberdeenshire programmes)	9,509		9,509	-
Scottish Gov't (Marine Scotland) (see Note a)		32,089	32,089	37,000
Scottish Natural Heritage		1,000	1,000	11,728
Talisman Energy U.K. Limited	5,000		5,000	5,000
Miscellaneous	1,058	65	1,123	3,855
	<b>21,567</b>	<b>49,154</b>	<b>70,721</b>	<b>142,176</b>

Note a: Income includes reimbursement for Scottish Marine Region consultation costs incurred on behalf of Marine Scotland in 2010/11

**3. DONATED SERVICES AND FACILITIES**

The following in-kind donated services and facilities were provided by Scottish Natural Heritage.

Staff pension costs and travel expenses	5,960	-	5,960	5,742
Provision of serviced office and other accommodation	4,000	-	4,000	4,000
Staff Recruitment costs - advertising	1,100	-	1,100	-
Sub total	11,060	-	11,060	-
Governance Costs - AGM Venue	195	-	195	-
	<b>11,255</b>	-	<b>11,255</b>	<b>9,742</b>

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 MARCH 2011**

**4. COSTS OF CHARITABLE ACTIVITIES**

	Restricted funds	Unrestricted funds	Total funds 2011	Total funds 2010
	£	£	£	£
Project costs:				
- Contractor and consultancy fees	23,186		23,186	33,525
- Promotion, web-site, design, print etc.	1,099		1,099	2,245
- Misc. project admin. costs, postage, T&S	4,222		4,222	1,585
- Direct costs, incl. workshops, conferences materials, etc.	4,058		4,058	9,445
	<u>32,565</u>	-	<u>32,565</u>	46,800
Personnel costs and travel expenses	7,060	50,838	57,898	55,637
Other Contracted in Admin Assistance		6,311	6,311	3,404
Office overheads, legal and professional fees	4,000	8,356	12,356	13,596
Community Grant Scheme costs	-	-	-	7,800
	<u>43,625</u>	<u>65,505</u>	<u>109,130</u>	<u>127,237</u>

**5. GOVERNANCE COSTS**

Meetings & Company Secretarial Costs	-	186	186	1,107
AGM venue costs met in kind (SNH)	195	-	195	-
Independent Examiner & Accountancy Fee	-	2,646	2,646	1,837
	<u>195</u>	<u>2,832</u>	<u>3,027</u>	<u>2,944</u>

**6. STAFF COSTS**

	2011	2010
	£	£
Wages and salaries	46,824	44,365
Social security costs	3,528	3,063
Pensions (superannuation)	5,960	5,742
	<u>56,312</u>	<u>53,170</u>
The average monthly number of employees (full-time equivalent posts)	2	2

No employee had remuneration in excess of £60,000 during the year (2010 nil).

**7. STAFF PENSION COSTS**

Core MFP staff are employed through Scottish Natural Heritage (SNH), which is a member of the Principal Civil Service Pension Scheme (PCSPS) and is a defined benefit scheme. In accordance with multi employer guidance included in FRS 17, and the Financial Reporting Standard for Smaller Entities (effective April 2008). This is in accordance with the disclosures contained within the accounts of SNH.

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 MARCH 2011**

**8. TANGIBLE FIXED ASSETS**

	Office equipment
<b>COST:</b>	<b>£</b>
At 1 April 2010	1,991
Additions	-
Disposals	-
At 31 March 2011	<u>1,991</u>
 <b>DEPRECIATION:</b>	
At 1 April 2010	1,991
Charge for year	-
Eliminated on disposals	-
At 31 March 2011	<u>1,991</u>
 <b>NET BOOK VALUE:</b>	
At 31 March 2011	<u>-</u>
At 31 March 2010	<u>-</u>

	2011 £	2010 £
<b>9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade debtors	-	13,179
Prepayments and accrued income	<u>17,433</u>	<u>9,773</u>
	<u>17,433</u>	<u>22,952</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Trade creditors	84	4,161
Accrued expenses	<u>3,317</u>	<u>5,176</u>
	<u>3,401</u>	<u>9,337</u>

**11. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted £	Unrestricted £	Total £
Current assets	34,475	33,224	<b>67,699</b>
Current liabilities	<u>(396)</u>	<u>(3,005)</u>	<u><b>(3,401)</b></u>
	<u>34,079</u>	<u>30,219</u>	<u><b>64,298</b></u>

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31 MARCH 2011**

**12. RESERVES**

	Balance brought forward	Incoming resources	Outgoing resources	Transfer between funds	Balance carried forward
	£	£	£	£	£
Restricted funds	<u>54,292</u>	<u>32,822</u>	<u>(43,820)</u>	<u>(9,215)</u>	<u>34,079</u>
Unrestricted funds	<u>40,187</u>	<u>49,154</u>	<u>(68,337)</u>	<u>9,215</u>	<u>30,219</u>
<b>Restricted funds comprise:</b>					
Community Grants Scheme	-	-	-	-	-
Conference & misc events /projects	2,928	-	(252)	(1450)	1,226
Moray Firth Trail (Nortrail)	4,866	(414)	(757)	(2,000)	1,695
Sustainable Marine Tourism & Rec.	1,673	-	(1063)	-	610
Moray Firth Flotilla	5,303	-	(400)	-	4,903
Bottlenose Dolphin Economic Survey	4,430	-	(4,408)	(22)	-
Moray Firth Gansey Project	27,890	11,981	(21,015)	(4,143)	14,713
Engaging Young People & Business	4,732	5,000	-	(500)	9,232
Added Value conference	1,391	-	-	(600)	791
Web Communications & Directory	1,079	5,000	(4,670)	(500)	909
Core in-kind costs *	-	11,255	(11,255)	-	-
	<u>54,292</u>	<u>32,822</u>	<u>(43,820)</u>	<u>(9,215)</u>	<u>34,079</u>

Transfers between funds represent project management fees re-allocated to cover relevant staff and other costs. Details of the purpose of each restricted fund are contained within the directors' report.

\* All in-kind costs are shown as restricted.

**13. Directors' remuneration**

No director received remuneration during the year. Two directors were reimbursed a total of £209 for approved directors' travel or other expenses during the year. No amounts were outstanding at the year end.

**14. Related parties**

Several of the directors are employees or directors of other organisations that have funded the Partnership during the year. The receipt of funds from related organisations is not considered to have influenced the pursuance of the separate and independent interests of the MFP, but is disclosed in the interests of transparency.

(See Section G, Financial review, "Related party transactions and directors' interests" on page eleven).

**THE MORAY FIRTH PARTNERSHIP  
(A Company Limited by Guarantee)**

**INCOME AND EXPENDITURE ACCOUNT  
YEAR ENDED 31 MARCH 2011**

This page does not form part of the statutory financial statements.

	2011		2010	
	Project activities (Restricted funds incl. in kind) £	Core activities (Unrestricted funds) £	Total £	Total £
<b><u>INCOME</u></b>				
<b>Voluntary income</b>				
- Grants and donations received (inc. income in advance)	11,294	58,227	69,521	139,176
- Other income received	1,058	142	1,200	3,000
- Donated services and facilities (in-kind) (all core activities, but shown as restricted funds)	11,255	-	11,255	9,742
	<b>23,607</b>	<b>58,369</b>	<b>81,976</b>	<b>151,918</b>
<b>Bank interest received</b>	-	-	-	-
<b>Total income</b>	<b>23,607</b>	<b>58,369</b>	<b>81,976</b>	<b>151,918</b>
<b><u>EXPENDITURE</u></b>				
<b>Charitable activities:</b>				
Project costs:				
- Contractor and consultancy fees	23,186	-	23,186	33,545
- Advertising, promotion, design, print etc	1,099	-	1,099	2,225
- Misc. project admin. costs, postage, T&S	4,222	-	4,222	1,585
- Direct costs, incl. workshops, seminars & materials	4,058	-	4,058	9,445
	<b>32,565</b>	-	<b>32,565</b>	<b>46,800</b>
Dissemination and PR (including website development)	-	929	929	2,494
Employed staff costs	5,960	50,352	56,312	53,170
Recruitment costs, in kind	1,100	-	1,100	-
Contract and agency staff costs	-	6,311	6,311	3,404
Travel, subsistence and training	-	277	277	1,457
Directors' expenses reimbursed	-	209	209	1,010
Office accommodation & overheads	4,000	7,427	11,427	11,102
Community Grants Scheme costs	-	-	-	7,800
<b>Total cost of charitable activities</b>	<b>43,625</b>	<b>65,505</b>	<b>109,130</b>	<b>127,237</b>
<b>Governance costs:</b>				
Board Meetings, AGM & Company secretarial fees	195	186	381	1,107
Independent Examiner Fee	-	2,646	2,646	1,837
<b>Total governance costs</b>	<b>195</b>	<b>2,832</b>	<b>3,027</b>	<b>2,944</b>
<b>Total costs</b>	<b>43,820</b>	<b>68,337</b>	<b>112,157</b>	<b>130,181</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(20,213)</b>	<b>(9,968)</b>	<b>(30,181)</b>	<b>21,737</b>

Note: The 2011 "deficit" on project funds (£20,213) relates to the drawdown of grant monies received in advance in 2010 for projects. This is a timing issue and the projects themselves are not in deficit. Remaining restricted funds are ring-fenced for projects and do not form part of the current free reserves of the company.

The 2011 deficit (£9,968) on Core funds was met by drawing down cash reserves. Core funds pay for staff costs, company administration and the core work programme as outlined in our Business Plan.