



The Moray Firth Partnership

(A Company Limited by Guarantee)

Report of the Directors and Financial Statements for the year ended 31 March 2008

**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 2008

C O N T E N T S

		Page no.
Report of the directors		
	(A)	Reference and administrative details, directors and advisers
		1
	(B)	Structure, governance and management
		2-5
	(C)	Objectives and activities
		5
	(D)	Principal achievements and performance
		6-7
	(E)	Plans for 2008/09 and beyond
		8
	(F)	General accounting principles
		9
	(G)	Financial review
		10-11
Statement of directors' responsibilities		12
Accountant's report		13
Financial statements		
		Statement of Financial Activities (including Income and expenditure account)
		14
		Balance sheet
		15
		Notes to the financial statements
		16-20
		Income and expenditure account (This page does not form part of the statutory financial statements)
		21

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008

(A) REFERENCE AND ADMINISTRATIVE DETAILS, DIRECTORS AND ADVISERS

DIRECTORS:

George Dobbie	
John Dunthorne	
Clive Goodman	
George Hogg	Vice-Chair, re-elected 2007
Gordon Mackie	Elected February 2008
Maureen Macmillan	Elected February 2008
Sinclair Young	Re-elected Chair February 2008
RETIRED	
Mike Comerford	Retired by rotation February 2008
Peter Tilbrook	Retired by rotation February 2008

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

BANKERS: Bank of Scotland plc 2-6 Eastgate, Inverness IV2 3NA

COMPANY SECRETARY: Morton Fraser, Solicitors 30/31 Queen Street, Edinburgh EH2 1JX

ACCOUNTANTS: Johnston Carmichael Nevis House, Beechwood Park ,
appointed June Inverness IV2 3BW
2008

**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 2008 (CONTINUED)

(B) STRUCTURE, GOVERNANCE AND MANAGEMENT

Background

- The Moray Firth Partnership (MFP) was set up in 1993 as one of a number of “Firths Projects”, in response to the Rio Earth Summit call for integrated coastal zone management (ICZM).
- The MFP’s 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.
- The MFP has the role of an influencing body, aiming to promote agreement through dialogue and consensus. It is not a lobby group, and does not “take sides” on issues. The Partnership’s ‘neutral’ status lets us bring together many diverse interest groups and help them to develop joint actions. It provides a forum to share information, discuss, plan and implement integrated ways of addressing issues arising from the many, competing demands on the Moray Firth. It aims to improve communication between all interests relating to the Moray Firth.
- The Moray Firth 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
(A Company Limited by Guarantee)**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(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 over six hundred and thirty 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.

Strategic Group

The Moray Firth Strategic Group was formed in 2006, involving high-level representatives from a broad cross-section of stakeholder organisations, to help provide information regarding wide-ranging strategic initiatives and issues affecting the Moray Firth. The Group prepared a Vision Statement for the Moray Firth in 2030, to help steer the long term work of the Partnership more effectively.

Four key areas were identified as requiring further development (in addition to ongoing work), to help simplify the MFP's message and better meet the needs of the area:-

- Climate and Environmental Change;
- Marine Biodiversity;
- Sustainable Coastal Development;
- Marine Spatial Planning

Decision making

The work of the Partnership is planned strategically and outlined in a rolling business plan.

An independent consultant (John Hambrey Consulting) was appointed in September 2007 to carry out a review of strategic priorities for the Moray Firth, (based on the Strategic Group's Vision Statement and four key themes) and to work with the Board and staff to identify possible strategic projects for the three years to 2011. As a result, it was proposed that the "core work" programme should be broadened to help attract / retain key core funding and that new projects should be undertaken on:-

- a) "Rejuvenation of the harbour towns and villages of the Moray Firth through maritime leisure and recreational development";
- b) "Harbour regeneration through small scale sustainable fisheries and associated activities" and;

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

(B) STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Decision making (continued)

- c) "Towards better management of the Moray Firth: pressures, issues and management responses"

As a result of this, funding applications were drafted in Spring 2008 for initial work on gathering information for marine planning and on disseminating this information, which contributes to all the above work areas. Other project elements will be rolled out as funding and staff time permit.

Staffing

During the year, there were two full-time equivalent posts, a Partnership Manager and the Partnership Administrator. Due to changes in personnel, both posts were recruited during the year. Kathryn Logan, the assistant manager, took over the manager post and a new administrator was appointed in September 2007. This meant that the MFP was effectively one staff member short for over 5 months.

Staff members are involved in managing projects, as well as general 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

A budget for each financial year is agreed annually by the Board, in advance, covering the core activities of the Partnership. Within the constraints of the budget, day-to-day management of activities is delegated to the management staff.

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.

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.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(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. Directors have reviewed the major risks to which the Partnership is exposed, 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 be adding value, 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 both strategic issues and also to unpredictable 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 2008
(CONTINUED)**

(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2007/08

Coastal Litter- Beach Guardians Project

The Beach Guardians project officially came to an end in March 2008, after another busy year with more beach cleans and awareness-raising activities involving schools, community groups and local businesses. The popular exhibition continued its tour, and special events were organised for children at libraries around the firth. The project met all its targets and we were able to provide extra school visits and dog litter bins near Cullen Bay in Moray. "Eco-friendly" cotton bags featuring a wildlife image were produced to help raise awareness of the effects of plastic litter in the environment, as well as pocket size information cards to help beach clean organisers. Twelve Beach Guardians "litter picker packs" were specially designed and three have been retained by the MFP for loan to community groups and schools, thus helping continue the legacy of this project.

Community Grants Scheme

In March 2007, Community grants totalling £15,019 were awarded to sixteen community groups, who then had until 31 January 2008 to complete their projects. Three projects either did not complete or did not spend their full allocation, resulting in refunds of £1065. Completed projects included the creation of a Community Woodland Walk from wasteland at Saltburn, a seal information point at Portgordon, a Dolphin Space Programme Research Project and Community events to welcome the Moray Firth Flotilla. The 2007 Community Grant Scheme was funded directly through Scottish Natural Heritage and BG Group. The estimated value of these projects to the community was £176,000.

In March 2008, a further £10,270 was awarded to thirteen projects, which have until 31 January 2009 to complete. Projects include a survey of rare lichens at Findhorn, a series of school visits by the traditional sailing boat *Isabella Fortuna*, the repair of the slipshore at Findochty and traditional rope and basket making demonstrations at the Scottish Traditional Boat Festival. The 2008 Community Grant Scheme was funded by Scottish Natural Heritage. The estimated total value of these projects to the community is £33,705.

Fisheries

The Moray Firth Fisheries Action Group met on Friday 2nd March 2007 at the Banff Springs Hotel, when it agreed to liaise with the Marine Directorate with the intention of becoming a pilot Inshore Fishery Group (IFG) for the Moray Firth. Pending the outcome of these discussions, the Group did not meet again during the year. However, following the Scottish Government announcement that the Moray Firth was not one of the three initial pilot Inshore Fishery Groups to be set up, another meeting of the MF Fisheries Action Group is planned to discuss how to take forward some of the issues outstanding since March 2007.

Heritage

During 2006/07, we completed the project planning phase and "Audience Development Plan", for a major heritage project "Hands Across the Firth", which included a basket of nine interlinked projects, incorporating a range of key heritage issues. Due to changes in potential funding streams it was later agreed to take forward these projects individually, rather than as one major project. Work started during the year to develop the top chosen project - hand knitting of traditional fishing "ganseys" (woollen jumpers) and associated fishing heritage. Due to the staff changes / reduced staff time during 2007/08, the first funding application was not completed until June 2008. The revised timing has allowed the inclusion of new proposals for events as part of Homecoming Scotland 2009.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2007/08 (CONTINUED)

Moray Firth Flotilla

The Moray Firth Flotilla was the biggest single event undertaken by the Partnership to date. It required a huge commitment in terms of management time, as well as specialist maritime knowledge and skills, especially from three directors; Sinclair Young, who set up the project, Captain George Dobbie, who managed the navigation and safety of the boats, and John Dunthorne.

Organised as part of the Highland 2007 celebrations, the flotilla of traditional sailing boats left Wick on 24 June 2007, stopping off at Lybster, Helmsdale, Cromarty, Invergordon and Buckie, arriving at Portsoy 5 days later to start the Scottish Traditional Boat Festival in Portsoy. Prince Edward was due to have greeted the boats as they arrived at Portsoy, but altered his schedule to meet the stormbound crews at Buckie instead.

Despite terrible weather during the week, which prevented a number of boats from taking part and curtailed some of the community based activities, the project was deemed a huge success. The level of community support and involvement was phenomenal and all the ports of call organised their own special events to celebrate the arrival of the boats. As well as raising awareness of the importance of the firth, the project helped bring forward investment in harbour infrastructure improvements, in particular at Wick Harbour which has since generated more income for the port, and also helped develop new links between towns and groups across the Firth.

Moray Firth Trail Project (North Sea Trail)

Following the end of the Moray Firth Trail Project in March 2007 the 26 partner areas from six countries agreed to form a new North Sea Trail Association to continue the North Sea Trail website and maintain contact and cooperation between partners. The Moray Firth Partnership Manager, Kathryn Logan, was elected its honorary treasurer. New partners areas will be invited to join the association and fill in the gaps in the trail around the coast. The MFP will maintain the separate Moray Firth Trail website and include activities, walks and events as part of future projects.

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

The MFP provides secretariat functions for the SAC Management Group as part of its core work, funded by Scottish Natural Heritage. The SAC was designated in 2006 covering two qualifying "interests" – bottlenose dolphins and sandbanks that are partially covered by water all the time. In 2007, the MFP was awarded a separate contract to lead on reviewing the actions within the current SAC Management Scheme over the period to October 2008. Work includes:-

- an initial prioritisation exercise, and creating a new, key action list , for works to be completed within a three year timescale
- creating a separate "ongoing list" of actions which are continuing. This includes recording actions which are achieved by other means, in order to provide a complete record of the mitigation measures being employed.

The first stage draft will be put out to public consultation in the summer of 2008 to include inputs from as many stakeholders and members of the public as possible

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

(E) PLANS FOR 2008/09 AND BEYOND

The increasing range and extent of pressures on marine and coastal areas is of global concern, and the Moray Firth is no exception. A number of initiatives and strategies call for, and support, integrated management of coastal resources. In Scotland, this is currently being addressed mainly through voluntary local coastal partnerships rather than statutory institutions or legislation. However, new legislative and management measures are being proposed to modernise and streamline the management of our marine environment, at Scotland, UK and European levels.

In July 2008, a long-awaited consultation was launched re proposals for Scotland's first marine bill, which the Scottish Government hopes will provide a coherent framework of measures for marine planning, conservation and sea fisheries. The aim is to enhance Scotland's stewardship of the seas, support sustainable development and provide protection for the marine environment, so ensuring that future generations of Scots will be able to enjoy the many social, cultural and economic benefits that the seas deliver.

Local Coastal Partnerships are referred to within the draft bill as one of the types of organisation expected to play a role in future marine planning initiatives. What this role may be and what financial support will be provided will be determined by the proposed new "Marine Scotland" marine management organisation, possibly in 2011.

In the meantime, the Moray Firth Partnership will continue its existing role, and:-

- continue to meet its main objectives in furthering Integrated Coastal Zone Management through a range of projects, including a new Sustainable Marine Recreation and Tourism / Marine Planning project, a new Eco Schools project, and the Fishing Gansey heritage project.
- along with other coastal partnerships, assist the Scottish Government by setting up local consultation and information events as part of the new Marine Bill Consultation process.
- continue to work with the MF SAC Management Group to revise and update the Moray Firth SAC Management Scheme.
- continue to pursue alternative sources of core funding to minimise reliance on any single funder or group of funders.
- continue to increase membership and promote increased joint working and co-operation with communities, schools and volunteers.
- aim to increase knowledge and understanding of the Moray Firth area and its resources, including issues such as enhancing marine bio-diversity and sustainable tourism. We will develop the range, quality and presentation of information on the MFP website so that it provides a useful interactive portal to information resources relating to the Moray Firth for everyone.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

(F) GENERAL ACCOUNTING PRINCIPLES

Basis of preparation of accounts

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 2007).
- The Statements of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).
- The going concern basis and the accruals basis.
- Applicable accounting standards.

Accountant's report

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 2008 should be reported on by an accountant instead of being audited. The MFP's income for the year is less than £250,000 entitling it to benefit from the provisions of sections 249(A) and (B) of the Companies Act 1985. A motion will be proposed at the AGM authorising the directors to appoint an accountant 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 seventeen.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

(G) FINANCIAL REVIEW

Results for the year ended 31 March 2008

The company's deficit for the financial year ended 31 March 2008 was £22,144 (2007 surplus £8,805). The balance of accumulated funds carried forward at 31 March 2008 was £75,379 (2007 £97,523). The full results for the year are set out in the Statement of Financial Activities on page fourteen. The deficit for the period is a result of a timing issue. Certain project income was received in advance in 2006/07, and expenses incurred in 2007/08. None of the projects incurred a deficit.

Reserves

The directors normally aim to have unrestricted free reserves in the region of three months ongoing core costs. However, in view of proposals under the draft Scottish Marine Bill for a new Marine Management Organisation, and uncertainty over the future role of, and funding for, Scottish Local Coastal Partnerships, the company has aimed to maintain higher free reserves to help bridge any gap in funding pending these new measures being introduced. At 31 March 2008, the free reserves totalled £44,600, equivalent to nearly six months running costs per the budget 2008/09. The directors are satisfied that the free reserves of the charity are adequate, given the funding already secured and their current contractual obligations, but are aware that some of the reserves may be required to meet any core funding shortfall in the forthcoming year. If and when more secure funding for local coastal partnerships is secured, the directors aim to reduce the reserves to the equivalent of three months' ongoing core costs.

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 the interests of transparency.

- Three of the directors, Sinclair Young, John Dunthorne and George Dobbie, were directly involved in developing and managing the "Moray Firth Flotilla" Project on behalf of the MFP. This attracted funding from Highland 2007 and a range of other funders, as one of the main projects of the Highland Year of Culture 2007. The project was run in accordance with the management principles and safeguards applied to all MFP projects. Expenses reimbursed to the directors in their capacity as project leaders are shown in note 13 on page 20.
- Director George Hogg is an employee of Scottish Natural Heritage (SNH). SNH originally set up the Moray Firth Project in 1992, which later developed into the separate legal entity called The Moray Firth Partnership. SNH continues as one of the Partnership's major funders and also provides in-kind support in the form of serviced office accommodation, payroll administration, IT services etc. The MFP has also successfully applied to SNH for grants towards specific projects, such as the Moray Firth Community Grants Scheme and Beach Guardians.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

(G) FINANCIAL REVIEW (CONTINUED)

Related party transactions and directors' interests (continued)

- 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. The 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.
- Director Clive Goodman is also on the Board of Inverness Harbour Trust, which is a long-term supporter of the Partnership.

Funding and support

Year ended 31 March 2008

Details of cash and in-kind contributions received are in notes two and three on page seventeen. We wish to thank those who are actively involved through the various action groups, 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.

Future funding

The Partnership has sufficient secured funds and free reserves to cover the budgeted core costs of £95,318 for the year to March 2009, including the core staff posts and part-time assistance. The directors gratefully acknowledge the contributions made to the MFP, both cash and in-kind through the provision of serviced accommodation for staff etc. by those organisations listed on page seventeen.

Moray Firth Trail/North Sea Trail Project

The Moray Firth Trail project ended on the 31 March 2007. A grant outstanding from Interreg IIIB (including a final retention of 20%) is estimated at £15,100, offset by joint project costs, still to be officially allocated to the project, totalling an estimated £14566 (to be deducted from grants due). Both amounts are included in accruals carried forward. The final grant will only be paid out once all elements of the project for each of the twenty six partner areas have been completed, audited and approved. At 31 July 2008, no notification had been given as to when payment might be received.

The Moray Firth Trail Project funds included a provision of £5,380 towards potential exchange rate deficits (the Interreg grant is paid in Euro and converted at the prevailing bank rate) and other contingency costs including financing pending payment of the final 20% tranche by Interreg.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008
(CONTINUED)**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

ON BEHALF OF THE BOARD:

.....
Sinclair Young, Chairman

Dated:

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

**ACCOUNTANT'S REPORT TO THE MEMBERS OF
THE MORAY FIRTH PARTNERSHIP (A Company Limited Guarantee)
FOR THE YEAR ENDED 31 MARCH 2008**

We report on the financial statements of the charity for the year ended 31 March 2008, which are set out on pages one to twenty.

Respective responsibilities of directors and reporting accountants

As described on page twelve, the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a) The financial statements are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.
- b) Having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the period specified in section 249A(4) of the Act as modified by section 249A(5) and did not, at any time within that period, fall within any of the categories of companies not entitled to exemption specified in section 249B(1).

.....

Johnston Carmichael
Nevis House
Beechwood Park
Inverness IV2 3BW

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 2008**

	Note	Restricted funds £	Unrestricted funds £	Total funds 2008 £	Total funds 2007 £
Incoming resources					
Voluntary income:					
- Grants and donations	2	95,099	59,416	154,515	218,821
- Donated services and facilities (in-kind)	3	23,869	-	23,869	21,016
- Conference delegate fees		-	-	-	838
		<u>118,968</u>	<u>59,416</u>	<u>178,384</u>	<u>240,675</u>
Investment income:					
- Bank interest received		<u>1,568</u>	<u>2,537</u>	<u>4,105</u>	<u>4,011</u>
Total incoming resources		<u>120,536</u>	<u>61,953</u>	<u>182,489</u>	<u>244,686</u>
Resources expended					
Charitable activities					
- Donated services and facilities (in-kind)	3	23,869	-	23,869	21,016
- All other activities costs	4	<u>114,352</u>	<u>64,404</u>	<u>178,756</u>	<u>213,294</u>
		<u>138,221</u>	<u>64,404</u>	<u>202,625</u>	<u>234,310</u>
Governance costs	5	-	<u>2,008</u>	<u>2,008</u>	<u>1,571</u>
Total resources expended		<u>138,221</u>	<u>66,412</u>	<u>204,633</u>	<u>235,881</u>
Net incoming/(outgoing) resources before transfers					
		(17,685)	(4,459)	(22,144)	8,805
Transfer between funds	12	<u>(11,364)</u>	<u>11,364</u>	-	-
Net movement in funds		<u>(29,049)</u>	<u>6,905</u>	<u>(22,144)</u>	<u>8,805</u>
Total funds at 1 April 2007		<u>59,828</u>	<u>37,695</u>	<u>97,523</u>	<u>88,718</u>
Total funds at 31 March 2008		<u>30,779</u>	<u>44,600</u>	<u>75,379</u>	<u>97,523</u>

TOTAL RECOGNISED GAINS AND LOSSES

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

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

BALANCE SHEET

YEAR ENDED 31 MARCH 2008

	Note	2008		2007	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	8		-		-
CURRENT ASSETS:					
Debtors	9	24,183		35,841	
Cash at bank and in hand		<u>72,639</u>		<u>96,942</u>	
		96,822		132,783	
CURRENT LIABILITIES:					
Creditors (amounts falling due within one year)	10	<u>(21,443)</u>		<u>(35,260)</u>	
NET CURRENT ASSETS:			<u>75,379</u>		<u>97,523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>75,379</u>		<u>97,523</u>
RESERVES:					
Restricted funds	12		30,779		59,828
Unrestricted funds			<u>44,600</u>		<u>37,695</u>
Total funds			<u>75,379</u>		<u>97,523</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 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 in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

ON BEHALF OF THE BOARD:

.....
Sinclair Young, Chairman

.....
John Dunthorne, Director

Approved by the Board on

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared on a going concern basis and on the accruals concept under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005). The financial statements have been prepared in accordance with applicable accounting standards.

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, whether or not they are received in advance for a future period.

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.

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.

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 2008

	Restricted funds	Unrestricted Funds	Total funds 2008	Total funds 2007
	£	£	£	£
2. GRANTS AND DONATIONS RECEIVED (Excluding gifts in-kind and donated services and facilities)				
Aberdeenshire Council	-	6,000	6,000	7,000
Awards for All	-	-	-	9,400
BG Group	4,981	-	4,981	10,000
Chevron Upstream Europe	-	-	-	5,000
Cromarty Firth Port Authority	-	4,000	4,000	4,000
The Crown Estate	2,000	5,000	7,000	13,000
Fishermen's Association Limited	-	-	-	500
Heritage Lottery Fund	-	-	-	11,395
HIE Inverness and East Highland	18,064	-	18,064	8,342
HIE Moray	2,000	-	2,000	500
Highland 2007	12,265	-	12,265	20,385
Highland Council (The)	2,144	4,000	6,144	-
Highlands & Islands Enterprise	-	2,500	2,500	-
HiMaRCS	-	-	-	4,888
Interreg IIIB (Nortrail)	-	-	-	26,985
Inverhouse Distillers	2,000	-	2,000	-
Inverness Harbour Trust	-	4,000	4,000	-
Leader+	17,419	-	17,419	12,841
LifeScan Scotland	-	-	-	5,000
Moray Council	-	1,500	1,500	7,500
REACH Exploration Ltd	2,000	-	2,000	-
RSPB	500	-	500	500
Scottish Executive	-	-	-	770
Scottish Natural Heritage	10,205	32,000	42,205	49,928
Scottish White Fish Producers Assoc. Limited	-	-	-	500
Talisman Energy U.K. Limited	18,697	-	18,697	16,200
VisitScotland	1,000	-	1,000	2,000
Miscellaneous	1,824	416	2,240	2,187
	<u>95,099</u>	<u>59,416</u>	<u>154,515</u>	<u>218,821</u>

3. DONATED SERVICES AND FACILITIES

The following in-kind donated services and facilities were provided by Aberdeenshire Council, The Highland Council, Scottish Natural Heritage and VisitScotland.

Staff costs and travel expenses	5,169	-	5,169	9,257
Provision of serviced office and other accommodation	4,000	-	4,000	4,800
PR and design consultancy fees + other project expenses	14,700	-	14,700	6,959
	<u>23,869</u>	<u>-</u>	<u>23,869</u>	<u>21,016</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2008

4. COSTS OF CHARITABLE ACTIVITIES

	Restricted funds	Unrestricted funds	Total funds 2008	Total funds 2007
	£	£	£	£
Project costs:				
- Contractor and consultancy fees	40,291	-	40,291	55,113
- Advertising, promotion, design, print etc.	39,386	-	39,386	25,988
- Misc. project admin. costs, postage, T&S	8,324	-	8,324	25,284
- Direct costs, incl. workshops, conferences, materials, etc.	29,282	-	29,282	12,554
	<u>117,283</u>	-	<u>117,283</u>	118,939
Staff costs and travel expenses	5,168	38,670	43,838	77,376
Other Contracted in Admin Assistance	-	12,422	12,422	-
Office overheads, legal and professional fees	5,500	13,312	18,812	17,011
Community Grant Scheme costs	10,270	-	10,270	20,984
	<u>138,221</u>	<u>64,404</u>	<u>202,625</u>	<u>234,310</u>

5. GOVERNANCE COSTS

Board and Annual General Meetings	-	19	19	-
Company secretarial and misc costs	-	285	285	161
Preparation of business plan	-	-	-	-
Accountant's fee	-	1,704	1,704	1,410
	<u>-</u>	<u>2,008</u>	<u>2,008</u>	<u>1,571</u>

6. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	34,582	49,942
Social security costs	2,558	3,164
Pensions (superannuation)	5,169	9,257
	<u>42,309</u>	<u>62,363</u>
The average monthly number of employees (full-time equivalent posts)	<u>2</u>	<u>2</u>

No employee had remuneration in excess of £60,000 during the year (2007 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, MFP has accounted for the contributions to the scheme as if it were a defined contributions scheme. 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 2008

8. TANGIBLE FIXED ASSETS

	Office equipment £
COST:	
At 1 April 2007	1,991
Additions	-
Disposals	-
At 31 March 2008	<u>1,991</u>
DEPRECIATION:	
At 1 April 2007	1,991
Charge for year	-
Eliminated on disposals	-
At 31 March 2008	<u>1,991</u>
NET BOOK VALUE:	
At 31 March 2008	<u>-</u>
At 31 March 2007	<u>-</u>

	2008 £	2007 £
9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade debtors	5,000	26,084
Prepayments and accrued income	19,183	9,757
	<u>24,183</u>	<u>35,841</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	1,896	21,997
Accrued expenses	19,547	13,263
	<u>21,443</u>	<u>35,260</u>

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted £	Unrestricted £	Total £
Current assets	46,373	50,449	96,822
Current liabilities	(15,594)	(5,849)	(21,443)
	<u>30,779</u>	<u>44,600</u>	<u>75,379</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2008

12. RESERVES

	Balance brought forward	Incoming resources	Outgoing resources	Transfer between funds	Balance carried forward
	£	£	£	£	£
Restricted funds	<u>59,828</u>	<u>120,536</u>	<u>(138,221)</u>	<u>(11,364)</u>	<u>30,779</u>
Unrestricted funds	<u>37,695</u>	<u>61,953</u>	<u>(66,412)</u>	<u>11,364</u>	<u>44,600</u>
Restricted funds comprise:					
Community Grants Scheme	2,686	8,821	(10,270)	-	1,237
Conference and newsletter	2,000	5,262	(3,613)	-	3,649
Beach Guardians	14,872	36,641	(44,228)	(7,150)	135
SAC MS	-	4,016	(1,619)	-	2,397
Cromarty Firth Data Project	1,954	88	-	-	2,042
Moray Firth Flotilla	29,478	49,375	(67,221)	(3,790)	7,842
Fisheries	770	29	-	-	799
Heritage-PPG	3,673	166	-	-	3,839
Moray Firth Trail (Nortrail)	3,094	4,704	(318)	-	7,480
Talisman Wind-farm consultation	-	707	(283)	(424)	-
Added Value conference	1,301	58	-	-	1,359
Core in-kind costs	-	10,669	(10,669)	-	-
	<u>59,828</u>	<u>120,536</u>	<u>(138,221)</u>	<u>(11,364)</u>	<u>30,779</u>

Transfers between funds represent project management fees re-allocated to cover relevant staff and other costs. All in-kind costs are shown as restricted, resulting in the above transfer of core costs from unrestricted to restricted.

13. Directors' remuneration

No Director received remuneration during the year. Two directors were reimbursed for directors' travel and other expenses during the year:

- Sinclair Young £120
- John Dunthorne £130

In addition, expenses were reimbursed to Sinclair Young, George Dobbie and John Dunthorne in their capacity as project leaders for the Flotilla, not as Directors. The costs reimbursed totalled £1,794, and are included in miscellaneous project admin. costs (Sinclair Young £807, George Dobbie £373 and John Dunthorne £614).

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. Three of the directors were also closely involved in managing the Moray Firth Flotilla Project. Full details are given in the Directors' Report (see Section G, Financial review, "Related party transactions and directors' interests" on page ten).

THE MORAY FIRTH PARTNERSHIP
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2008

	2008	2007
	£	£
INCOME		
Voluntary income		
- Grants and donations received	154,515	218,821
- Donated services and facilities (in-kind)	23,869	21,016
- Conference delegate fees	-	838
	<u>178,384</u>	<u>240,675</u>
Bank interest received	<u>4,105</u>	<u>4,011</u>
Total income	<u>182,489</u>	<u>244,686</u>
EXPENDITURE		
Charitable activities		
Project costs:		
- Contractor and consultancy fees	40,291	55,113
- Advertising, promotion, design, print etc	39,386	25,988
- Misc. project admin. costs, postage, T&S	8,324	25,284
- Direct costs, incl. workshops, conferences & materials	<u>29,282</u>	<u>12,554</u>
	117,283	118,939
Dissemination and PR (including website development)	2,317	3,008
Employed staff costs	42,309	62,363
Contract and agency staff costs	12,422	12,288
Travel, subsistence and training	1,279	1,585
Directors' expenses reimbursed	250	1,140
Office overheads	11,602	9,924
Misc Professional / Consultancy fees	4,893	-
Annual conference	-	4,079
Community Grants Scheme costs	<u>10,270</u>	<u>20,984</u>
Total cost of charitable activities	202,625	234,310
Governance costs		
Board meetings and Annual General Meeting	19	-
Company secretarial and other professional fees	285	161
Accountant's fee	<u>1,704</u>	<u>1,410</u>
Total governance costs	2,008	1,571
Total costs	<u>204,633</u>	<u>235,881</u>
(DEFICIT) SURPLUS FOR THE YEAR	<u><u>(22,144)</u></u>	<u><u>8,805</u></u>

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