



The Moray Firth Partnership

(A Company Limited by Guarantee)

Report of the Directors and Financial Statements for the year ended 31 March 2010

**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 2010

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

(A) REFERENCE AND ADMINISTRATIVE DETAILS, DIRECTORS AND ADVISERS

DIRECTORS:

Michael Comerford	Elected Nov.2009
George Dobbie	
John Dunthorne	Retired Nov 2009
Clive Goodman	
George Hogg	Vice Chair
Gordon Mackie	
Maureen Macmillan	Re-appointed Chair, Nov.2009
Sinclair Young	

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

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

INDEPENDENT EXAMINER: J. Waugh Johnston Carmichael Clava House, Cradlehall Business Park , Inverness IV2 5GH

**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 2010
(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 2010
(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 budget for each financial year in advance, covering the core activities of the Partnership. Within the constraints of the budget, day-to-day management of activities is delegated to staff, who aim 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 2008/09.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(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.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(C) OBJECTIVES AND ACTIVITIES (CONTINUED)

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.

Decision Making and Forward Planning

The Board of Directors decides on the priority actions for the partnership, in line with any strategic directions agreed by members at the annual general meeting, and in order to meet its statutory requirements. Day to day management decisions are made by staff, 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 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 2010/11 will be circulated to members and potential funders, to generate additional support and financial assistance for key work.

Marine Scotland and Scottish Natural Heritage Funding

For 2009/10, Marine Scotland reimbursed Scottish Natural Heritage for the £32,000 cash element of the core grant to the Partnership, as part of a direct agreement between the two organisations. (The SNH grant has continued at the same rate for nine years or more, as part of the SNH policy to reduce its percentage support of local coastal partnerships. The grant was ring-fenced, with £27,000 contributing to pay salaries and £5,000 towards the cost of telephone, IT, printing, postage and stationery.) For 2010/11, Marine Scotland is expected to continue the grant at £32,000, and Scottish Natural Heritage has committed to employing and providing office space for the two core MFP staff for the year on this basis.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2009/10

Eco-Schools Project

This project, which ended in June 2009, continued our work in litter education and minimisation. With the support of the Eco Schools Project officer for the Highlands, our target was to assist eight coastal schools to achieve Bronze Award or higher in the Eco-Schools awards scheme, which promotes a range of activities that link directly to the MFP's own targets regarding better stewardship of our coastal environment.

With funding from Lifescan Scotland Ltd., through the Scottish Community Foundation, our education adviser visited 12 schools, advised a number of schools' Eco Committees and helped organise various beach cleans around the Moray Firth. Of the 12 schools visited during the course of the project, four achieved Silver Awards, four have attained their Bronze Awards and four hoped to achieve their Bronze before the end of 2009.

In the last phase of the project (2009/10), five sets of "Under the Surface" banners were produced for loan to schools and community groups, and we printed 2,000 copies of a book for young children about the hazards of litter to dolphins and other animals.

Community Grants Scheme- 2009 and 2010

Under the 2009 Grant scheme, nine projects were awarded £1,000 each. The total value of the projects which completed in January 2010, including funding from other sources, was £71,391. In addition, a further £1,000 was paid to the Scottish Traditional Boat Festival for its Salmon Coble Restoration Project. This was funded through the MFP Flotilla fund, but was administered alongside the other CGS projects and to the same criteria. Projects included a 2-day programme of educational marine cruises for school children accompanied by a member of the Highland Council Ranger Service; a Geological Interpretation Board depicting the special features of Munloch Bay; a contribution to the River Spey Sea Trout Scale Project investigating the decline of sea trout in the Moray Firth; a Spey Bay promotional leaflet including maps and information on habitats and species for visitors; an interactive Underwater Acoustic Awareness Exhibition at the Spey Bay visitor centre; durable and user-friendly photographic ID guides for the Moray Firth dolphins for use by visitors on board Dolphin Space Programme accredited boats; and natural heritage related arts projects at Keiss Primary School, Tarbat Old Primary and Inver Primary School.

Under the 2010 Grant Scheme, nine projects received £7,800 and have until January 2011 to complete. Projects include "The Living Firth - A Journey in Sound & Touch" for participants with visual impairment (Sight Action); MF Cetacean Lectures (Banff Castle Association); Interpretation at the WDCS Wildlife Centre;" Picture the Past" -Dornoch to Tain (participative archaeology for communities in the Highlands); Riverside Path Upgrade (Scottish Wildlife Trust); Beach Café development - disabled facilities and exhibition room (Rosemarkie Amenities Association);, Harbours Heritage Exhibition (Chanonry Sailing Club); Watching Wisely laminated guide (Dolphin Space Programme); and the River Peffer Restoration Project (Moray Firth Sea Trout Project).

**THE MORAY FIRTH PARTNERSHIP
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2009/10 (continued)

Moray Firth Trail – NAVE Nortrail “North Sea Trail” -Final Interreg IIIB Grant Payment

The North Sea Trail project officially ended in March 2007. The Moray Firth Trail element of the grant was approved in full, and the final retention (20%) was paid by Interreg in December 2009 (£15,188 / 17,142 Euros), through the lead partner, Aberdeenshire Council. Final joint project costs chargeable to the project totalled £20,568 at the prevailing exchange rate (2008 estimate £14,566), including extra joint project costs incurred through the Lead Partner which were deducted from the grant due as part of the final reconciliation.

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. New partner areas with trails are being invited to join the Association and fill in the gaps in the trail around the coast. The MFP Manager, Kathryn Logan, was re-appointed as the Scottish representative and honorary treasurer at the Association's AGM in June 2008. The MFP receives 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.

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 work funded by Scottish Natural Heritage. In 2009, the MFP completed a separate contract, working with the SAC Group members to update the SAC Management Scheme and create a new, more strategic action programme over 3 years. The new scheme was launched in June 2009, with a first annual review due in December 2010.

Moray Firth Gansey Project

In 2007, the MFP completed a major study and consultation which identified potential projects that would make the Firth's heritage more accessible to local communities and visitors, and promote local economic development. The project with most support, and with the most urgency in terms of heritage being lost, focused on traditional ganseys from the Firth's fishing communities. In 2008/09, the MFP was awarded £50,000 Heritage Lottery Funding, and in January 2010 final match funding was put in place with the award of £39,000 from the Scottish Government and The European Rural Aberdeenshire, Moray and Highland LEADER 2007-13 Programmes (£13,000 each). This allowed work to formally start, and three main area co-ordinators were appointed in May 2010, with other support. The Moray Firth Heritage Group was reconvened, with new members relevant to the main project elements of education, arts & crafts, anthropology, fashion, design and economic development, as well as heritage and conservation. The project will complete in June 2012.

Website and Communications Development and “Moray Firth Directory”

Thanks to funding from Talisman Energy UK Ltd., work has been progressing to redevelop the MFP website to 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 2010.

**THE MORAY FIRTH PARTNERSHIP
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(D) PRINCIPAL ACHIEVEMENTS AND PERFORMANCE IN 2009/10 (continued)

Marine Planning and Sustainable Marine Recreation and Tourism (SMT)

One of the priority work areas in the MF strategic review was to provide up to date information about the uses and resources of the firth to allow stakeholders to make an informed contribution towards future marine planning, including marine and coastal recreation. This was echoed by the call from the Scottish Government for hard data about marine and coastal recreation, including its economic value, to help raise appreciation of the local and national importance of these resources.

The MFP set up this SMT project in 2008 with funding from Scottish Natural Heritage, The Crown Estate and Chevron Upstream Europe, to provide some of this information for the Moray Firth, highlight key knowledge gaps, identify likely increases in usage within the next 20 years and review sustainable management opportunities. The programmed work includes a marine recreation and tourism survey, a marine traffic survey (including all forms of commercial and recreational boat traffic), an aerial photographic survey, and collation of data on a range of issues, including building up the profile of the Moray Firth. The project was originally due for completion in December 2009 but has been continued to 2010/11 to provide more time for data gathering and the incorporation of several studies and reports recently completed by other organisations.

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.
- Involve more people in projects with tangible benefits for the local community

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

The Moray Firth Traditional Boat Restoration Workshop

Directors John Dunthorne and George Dobbie donated their time and skills to organise a traditional boat repair workshop, which took place at Helmsdale in June 2009. This successful two-day course, led by John Cameron, a skilled craftsman based in Lybster, focused on teaching traditional skills and replacing or repairing damaged or rotted timbers in wooden craft. This event was a follow-on to the Moray Firth Flotilla of traditional boats in 2007, and had financial backing from Ithaca Energy as well as generous support from the Helmsdale Harbour Users Group and the local community.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(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 will take 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 by Marine Scotland is the subject of ongoing discussion.

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 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 MFP Business Plan 2010/11 sets out key areas of work, leading on from the strategic review of our work programme in 2008, and encompasses the additional marine planning work proposed through Marine Scotland.

Until such time as there is a clearer indication of the future role for the MFP and how it might need to be constituted to play that role, the aim is to maintain the status quo. Given the challenges ahead, and the limited funding indicated by Marine Scotland, it is considered more important than ever that the MFP continues to raise core funds from a range of sources, in order to maintain its current role as an independent organisation and neutral broker. We therefore aim to secure additional core and project management fees to pay for staff time, as well as meeting the MFP's charitable aims re integrated coastal zone management and future marine planning.

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

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(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 2010 should be examined by an Independent Examiner instead of being audited. The MFP's income for the year is less than £500,000 entitling it to benefit from the 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 2010
(continued)**

(G) FINANCIAL REVIEW

Results for the year ended 31 March 2010

For the financial year ended 31 March 2010, the company had a deficit on core activities of £1,696 (2009 £2,717) and a surplus on project funds of £23,433 (2009 £80), giving a net surplus of £21,737 (2009 deficit £2,637). The projects surplus is due to income received in advance of £25,000 from the Heritage Lottery Fund for the Gansey Project. The balance of accumulated funds carried forward at 31 March 2010 was £94,479 (2009 £72,742). 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 implications likely to arise from 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 2010, the free reserves totalled £40,187, equivalent to just less than six months' core running costs per the 2010/11 budget. 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 further core funding shortfall in 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 are disclosed in accordance with statutory requirements and in the interest of transparency.

- 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 was until 2009 one of the Partnership's major cash funders and continues to provide 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 the Sustainable Marine Planning, Tourism and Recreation project.
- Director Clive Goodman was on the Board of Inverness Harbour Trust, which is a long-term supporter of the Partnership. He resigned this post in January 2010.
- 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. Discussions will take place between SNH and Marine Scotland in autumn 2010 re the future roles and support of these organisations for MFP.

**THE MORAY FIRTH PARTNERSHIP
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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010
(continued)**

(G) FINANCIAL REVIEW (continued)

Funding and support

Year ended 31 March 2010

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.

Future funding

The Partnership has sufficient secured income and free reserves to cover the budgeted core costs of £82,000 for the year to March 2011, 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 eighteen.

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

ON BEHALF OF THE BOARD:



Maureen Macmillan, Chair

Dated: 12 October 2010

**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 2010**

I report on the accounts of the charity for the year ended 31 March 2010 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.

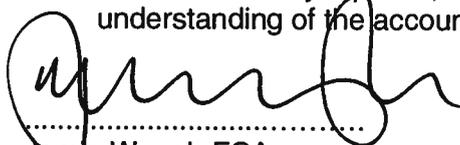
Basis of independent examiner's statement

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.



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

Dated: 14 October 2010

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND
EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2010**

	Note	Restricted funds £	Unrestricted funds £	Total funds 2010 £	Total funds 2009 £
Incoming resources					
Voluntary income:					
- Grants and donations	2	91,036	48,140	139,176	100,860
- Other misc income received		3,000	-	3,000	
- Donated services and facilities (in-kind)	3	9,742	-	9,742	9,598
- Conference delegate fees					1,880
		<u>103,778</u>	<u>48,140</u>	<u>151,918</u>	<u>112,338</u>
Investment income:					
- Bank interest received		-	-	-	1,791
Total incoming resources		<u>103,778</u>	<u>48,140</u>	<u>151,918</u>	<u>114,129</u>
Resources expended					
Charitable activities					
- Donated services and facilities (in-kind)	3	9,742	-	9,742	9,598
- All other activities costs	4	<u>54,832</u>	<u>62,663</u>	<u>117,495</u>	<u>105,437</u>
		<u>64,574</u>	<u>62,663</u>	<u>127,237</u>	<u>115,035</u>
Governance costs	5	-	<u>2,944</u>	<u>2,944</u>	<u>1,731</u>
Total resources expended		<u>64,574</u>	<u>65,607</u>	<u>130,181</u>	<u>116,766</u>
Net incoming/(outgoing) resources before transfers		39,204	(17,467)	21,737	(2,637)
Transfer between funds	12	<u>(15,771)</u>	<u>15,771</u>	-	-
Net movement in funds		23,433	(1,696)	21,737	(2,637)
Total funds at 1 April 2009		<u>30,859</u>	<u>41,883</u>	<u>72,742</u>	<u>75,379</u>
Total funds at 31 March 2010		<u>54,292</u>	<u>40,187</u>	<u>94,479</u>	<u>72,742</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 2010

	Note	2010		2009	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	8		-		
CURRENT ASSETS:					
Debtors	9	22,952		23,597	
Cash at bank and in hand		<u>80,864</u>		<u>71,735</u>	
		103,816		95,332	
CURRENT LIABILITIES:					
Creditors (amounts falling due within one year)	10	<u>(9,337)</u>		<u>(22,590)</u>	
NET CURRENT ASSETS:			<u>94,479</u>		<u>72,742</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>94,479</u>		<u>72,742</u>
RESERVES:					
Restricted funds	12		<u>54,292</u>		<u>30,859</u>
Unrestricted funds			<u>40,187</u>		<u>41,883</u>
Total funds			<u>94,479</u>		<u>72,742</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 2010. 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 the special provisions of Part 15 of the Companies Act 2006 relating to small companies 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 12 October 2010

Company Number: SC196042

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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.

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 2010

	Restricted funds	Unrestricted funds	Total funds 2010	Total funds 2009
	£	£	£	£
2. GRANTS AND DONATIONS RECEIVED (Excluding gifts in-kind and donated services and facilities)				
Aberdeenshire Council	2,000	8,000	10,000	8,000
Angus Council	1,500	-	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	-	9,000	-
Dundee City Council	1,500	-	1,500	-
Fife Coast and Countryside Trust	1,000	-	1,000	-
Heritage Lottery Fund	25,000	-	25,000	-
Highland Council (The)	2,000	-	2,000	-
Highlands & Islands Enterprise	-	-	-	265
Interreg IIIB (Nortrail)	21,093	-	21,093	(437)
Ithaca	500	-	500	-
Inverness Harbour Trust	-	4,000	4,000	4,000
LifeScan Scotland	-	-	-	5,000
Scottish Gov't (Marine Scotland) (see Note a)	5,000	32,000	37,000	9,415
Scottish Natural Heritage (see Note a)	11,728	-	11,728	50,000
Talisman Energy U.K. Limited	5,000	-	5,000	15,000
Miscellaneous	715	140	855	617
	<u>91,036</u>	<u>48,140</u>	<u>139,176</u>	<u>100,860</u>

(a) £32,000 core funding formerly provided by Scottish Natural Heritage (SNH) was provided by the Scottish Government (Marine Scotland) in 2009/10.

3. DONATED SERVICES AND FACILITIES

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

Staff costs and travel expenses	5,742	-	5,742	5,598
Provision of serviced office and other accommodation	4,000	-	4,000	4,000
	<u>9,742</u>	<u>-</u>	<u>9,742</u>	<u>9,598</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2010

4. COSTS OF CHARITABLE ACTIVITIES

	Restricted funds	Unrestricted funds	Total funds 2010	Total funds 2009
	£	£	£	£
Project costs:				
- Contractor and consultancy fees	33,545	-	33,525	19,197
- Advertising, promotion, design, print etc.	2,225	-	2,245	3,476
- Misc. project admin. costs, postage, T&S	1,585	-	1,585	1,657
- Direct costs, incl. workshops, conferences materials, etc.	9,445	-	9,445	6,614
	<u>46,800</u>	<u>-</u>	<u>46,800</u>	<u>30,944</u>
Personnel costs and travel expenses	5,974	49,663	55,637	54,857
Other Contracted in Admin Assistance	-	3,404	3,404	9,919
Office overheads, legal and professional fees	4,000	9,596	13,596	11,315
Community Grant Scheme costs	7,800	-	7,800	8,000
	<u>64,574</u>	<u>62,663</u>	<u>127,237</u>	<u>115,035</u>

5. GOVERNANCE COSTS

Meetings & Company Secretarial Costs	-	1,107	1,107	236
Independent Examiner & Accountancy Fee	-	1,837	1,837	1,495
	<u>-</u>	<u>2,944</u>	<u>2,944</u>	<u>1,731</u>

6. STAFF COSTS

	2010	2009
	£	£
Wages and salaries	44,365	43,612
Social security costs	3,063	3,146
Pensions (superannuation)	5,742	5,598
	<u>53,170</u>	<u>52,356</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 (2009 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 2010

8. TANGIBLE FIXED ASSETS

	Office equipment
COST:	£
At 1 April 2009	1,991
Additions	-
Disposals	-
At 31 March 2010	<u>1,991</u>
DEPRECIATION:	
At 1 April 2009	1,991
Charge for year	-
Eliminated on disposals	-
At 31 March 2010	<u>1,991</u>
NET BOOK VALUE:	
At 31 March 2010	<u>-</u>
At 31 March 2009	<u>-</u>

	2010	2009
	£	£
9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade debtors	13,179	8,000
Prepayments and accrued income	<u>9,773</u>	<u>15,597</u>
	<u>22,952</u>	<u>23,597</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	4,161	4,712
Accrued expenses	<u>5,176</u>	<u>17,878</u>
	<u>9,337</u>	<u>22,590</u>

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted	Unrestricted	Total
	£	£	£
Current assets	59,264	44,552	103,816
Current liabilities	<u>(4,972)</u>	<u>(4,365)</u>	<u>(9,337)</u>
	<u>54,292</u>	<u>40,187</u>	<u>94,479</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2010

12. RESERVES

	Balance brought forward	Incoming resources	Outgoing resources	Transfer between funds	Balance carried forward
	£	£	£	£	£
Restricted funds	<u>30,859</u>	<u>103,778</u>	<u>(64,574)</u>	<u>(15,771)</u>	<u>54,292</u>
Unrestricted funds	<u>41,883</u>	<u>48,140</u>	<u>(65,607)</u>	<u>15,771</u>	<u>40,187</u>
Restricted funds comprise:					
Community Grants Scheme	-	7,728	(7,800)	72	--
Conference & misc events /projects	3,000	-	-	(72)	2,928
SAC MS	105	-	-	(105)	-
Cromarty Firth Data Project	2,090	-	-	(2,090)	-
Moray Firth Trail (Nortrail)	5,609	22,093	(7,736)	(15,100)	4,866
Eco Schools Project	1,646	-	(1,080)	(566)	-
Sustainable Marine Tourism & Rec.	1,195	16,000	(17,612)	2,090	1,673
Moray Firth Flotilla	5,994	500	(1,191)	-	5303
Bottlenose Dolphin Economic Survey	-	17,000	(12,570)	-	4,430
Moray Firth Gansey Project	3,885	25,715	(1,710)	-	27,890
Engaging Young People & Business	-	5,000	(268)	-	4,732
Added Value conference	1,391	-	-	-	1,391
Web Communications & Directory	5,944	-	(4,865)	-	1,079
Core in-kind costs *	-	9,742	(9,742)	-	-
	<u>30,859</u>	<u>103,778</u>	<u>(64,574)</u>	<u>(15,771)</u>	<u>54,292</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. Five directors were reimbursed a total of £1010 for approved directors' travel and other expenses during the year. £140 paid to Maureen Macmillan was gifted back to the Partnership and is included in donations received. 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 2010**

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

	2010		2009	
	Project activities (Restricted funds) £	Core activities (Unrestricted funds) £	Total £	Total £
INCOME				
Voluntary income				
- Grants and donations received (inc. income in advance)	75,265	63,911	139,176	100,860
- Other income received	3,000	-	3,000	-
- Donated services and facilities (in-kind) (all core activities, but shown as restricted funds)	9,742	-	9,742	9,598
- Conference delegate fees	-	-	-	1,880
	88,007	63,911	151,918	112,338
Bank interest received	-	-	-	1,791
Total income	88,007	63,911	151,918	114,129
EXPENDITURE				
Charitable activities:				
Project costs:				
- Contractor and consultancy fees	33,545	-	33,545	19,197
- Advertising, promotion, design, print etc	2,225	-	2,225	3,476
- Misc. project admin. costs, postage, T&S	1,585	-	1,585	1,657
- Direct costs, incl. workshops, seminars & materials	9,445	-	9,445	1,825
- Annual conference	-	-	-	4,789
	46,800	-	46,800	30,944
Dissemination and PR (including website development)	-	2,494	2,494	531
Employed staff costs	5,742	47,428	53,170	52,356
Contract and agency staff costs	-	3,404	3,404	9,919
Travel, subsistence and training	-	1,457	1,457	1,804
Directors' expenses reimbursed	232	778	1,010	697
Office accommodation & overheads	4,000	7,102	11,102	10,784
Community Grants Scheme costs	7,800	-	7,800	8,000
Total cost of charitable activities	64,574	62,663	127,237	115,035
Governance costs:				
Board Meetings, AGM & Company secretarial fees	-	1,107	1,107	236
Accountant's fee	-	1,837	1,837	1,495
Total governance costs	-	2,944	2,944	1,731
Total costs	64,574	65,607	130,181	116,766
SURPLUS / (DEFICIT) FOR THE YEAR	23,433	(1,696)	21,737	(2,637)

Note: The 2010 "surplus" on project funds (£23,433) arose from monies received in advance for projects, where the related expenditure has not yet been committed. These funds are ring-fenced for planned project spend in 2010/11 and do not form part of the reserves available to pay for Core costs.

The 2010 deficit (£1,696) 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.