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MARITIME RESCUE INSTITUTE
(A company limited by guarantee
and not having share capital)
(Company Number: SC225049)
(Charity Number: SC032388)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

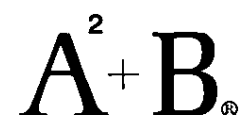
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25/05/2011
COMPANIES HOUSE

Anderson Anderson & Brown LLP
Chartered Accountants

MARITIME RESCUE INSTITUTE
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010



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MARITIME RESCUE INSTITUTE
LEGAL AND ADMINISTRATIVE INFORMATION



DIRECTORS AND TRUSTEES

The directors of the charitable company ("the charity") are its trustees for the purposes of charity law. The directors at 31st December 2010 were:

Mr Colin Braithwaite	(Chairman)	(appointed as director on 12 January 2010)
Mr William Beattie		
Mrs. Carol Kinghorn		
Mr. Phil Daniels		(appointed 2 September 2010)
Mr Andrew Lawson		
Mr Martin Stansfield		
Mr. Michael Tarr		(appointed 15 November 2010)

SECRETARIES

J & H Mitchell, 51 Atholl Road, Pitlochry

PRINCIPAL OFFICE

The Old Pier, Stonehaven

REGISTERED OFFICE

51 Atholl Road, Pitlochry

INDEPENDENT EXAMINER

John A Black CA
Anderson Anderson & Brown LLP, 9 Queens Road, Aberdeen

BANKERS

Royal Bank of Scotland, 9 Rubislaw Terrace, Aberdeen

SOLICITORS

J & H Mitchell, 51 Atholl Road, Pitlochry

The directors submit their report and the financial statements of the charitable company for the year ended 31 December 2010. Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

FORWARD

This year, 2010, has been both a successful and difficult year for MRI. On the positive side, MRI continues to provide excellent response to HM Coastguard emergencies within the Kincardine coastline and train volunteer crews from around the world and it would be encouraging to believe that MRI's educational programme had a marked influence on the reduction of cliff and angling incidents recorded over the year. In addition, with the recruitment of a coxswain/mechanic in October, there has been a noticeable improvement in the reliability of the boats, and the regular attention they are now receiving should significantly reduce operating costs in the long term.

Since moving to charity status in November 2001 however, MRI has not been able to generate sufficient cash surplus, year on year, to build funds to replace in the future, key equipment such as the lifeboats. This year the trend continues and, despite a welcome increase in funding support, the deficit at year end is not a sustainable position for the long term. It is acknowledged that this was partly the result of a decision in October to maintain the secondment position from the Royal Dutch Lifeboat Association (KNRM). Although it was clear that funds were short, it was recognised that it was important to maintain a focus on business development to bring in more training courses in 2011. Funding applications in support of Human Resources will continue in an effort to realise the potential in the provision of a higher volume of training courses to international delegates.

Recognising that a step-change was required to ensure a long term sustainable future, the Trustees and management team undertook a number of activities during the year:

- **Update of its Marketing Plan:** This was undertaken to ensure that MRI activities were more widely known and appreciated. The plan also aimed to maximise income from fund-raising activities, including the Harbour Festival in September. And, for the first time, a Corporate Fund Raising evening event was planned for 2011. At the time of writing, the Corporate event, sponsored by Shell, Bancon Developments and Talisman, proved very successful and will be repeated in 2012. The event netted £27,000 which, to a large extent, takes care of the deficit for the year 2010. Just as importantly, 24 tables of 240 business persons now have a greater understanding of the work of MRI and already there is a show of willingness in the Oil and Gas business community to offer support to MRI both financially and in-kind. An immediate result is the commitment of £17,500 unrestricted funding for the current year.
- **Updated the Business Plan:** A number of options were identified to increase income for MRI. These included creating closer links with the International Maritime Rescue Federations (IMRF), and making contact with relevant companies in the renewable industry to provide safety and boat seamanship expertise for this emerging and expanding offshore industry. This would be done through its wholly owned Trading Company with all surplus going to the charity. Plans were also put in place to evaluate whether MRI could provide consultancy/training for European funded programmes for improving safety at sea.

Looking forward to 2011, MRI aims to focus on business development. It is also essential for long-term viability that MRI's international reputation for knowledge, experience and skills in the area of maritime rescue is maintained. By increasing the level of activity and broadening MRI's global contacts, the expanded management team will ensure MRI's core skills continue to be recognised and used around the world.

In the knowledge that our international training programmes would start in January 2011, funding given in support of the Education Officer salary to supplement running costs towards the end of the current period was used.

It is apparent that MRI's rescue centre on Stonehaven harbour is becoming expensive to run and requires increasing maintenance. Plans are therefore being made to raise funds to replace the building in three to five years time. Early designs provide for both a replacement rescue centre and facilities that can be used by the Stonehaven community.

In summary, MRI continues to achieve success in its mission of saving lives at sea. 2010 has been a successful year and plans have been put in place for future years to significantly increase the level of activity and ensure that maximum use is made of MRI's experience and facilities.

The board of Trustees would like to acknowledge the staff and volunteers at MRI for their hard work and dedication over the year. The Board would also like to sincerely thank companies and individuals who have supported MRI over 2010, previous years, and hopefully 2011 and beyond.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of governing document

Maritime Rescue Institute is a company limited by guarantee and not having a share capital (company number: SC225049) and a registered Scottish charity (charity number: SC032388). The charitable company is governed by its Memorandum and Articles of Association.

Organisational structure

The Board of Directors controls Maritime Rescue Institute ("MRI"). The Directors are volunteers who have careers in a wide variety of fields, where they as individuals have demonstrated a wide scope of proven experience relevant to the Charity. Additionally they had declared an interest in the objectives and activities of the Charity. All Directors are given an induction covering their role and the work of MRI.

The Directors decide on overall policy, strategy, and appointment of the Management Team along with asset purchases.

The General Manager is responsible for the day-to-day running of MRI and the execution of the strategy and policies decided by the Board.

During 2010 the charity employed six staff members including one part-time funded post of Education Officer. It also continued with a secondment from the Dutch Lifeboat Service to assist in its operational activities. The charity relies heavily on volunteers to provide the Lifeboat Service and to assist in fundraising, accountancy, administration and maintenance.

Directors

The directors of the charitable company during the year ended 31 December 2010 were as listed on page1 together with Ronald Martin who resigned from the Board on 2 September 2010 and Joyce Buchanan who resigned from the Board on 1 November 2010.

Risk Management

MRI's boats are its greatest risk both financially and operationally. MRI cannot provide a SAR lifeboat capability without the boats and will therefore endeavour to build a buffer for the finance involved in related repairs. The SAR (Search and Rescue) aspect of the charity's purpose, by its very nature, exposes SAR Team members and operational SAR assets to substantial risk. MRI carries out ongoing SAR operational profiling which enables continuous update of operational requirements, risk assessment, and definition of SAR asset and training requirement.

MRI is recognised internationally for its standards in SAR training and fully recognises the risks to be faced by staff and volunteers alike. The charity has set standards and ongoing competency assessment programmes to offer best prospect so that all staff and volunteers are trained to negate known risks.

Additional to the aforementioned operational risks, prudence dictates that a financial contingency should be held in reserve in case the viability of the charity is threatened. The charity has a £6,000 contingency fund lodged with its Solicitor's bank.

Having had to use £15,000 of the funds lodged as reserved cash during 2010 leaving a balance of £6,000, the Trustees know it is imperative to work towards boosting its reserve to at least the same level during 2011.

OBJECTIVES AND ACTIVITIES

The objects of the charity are to promote and advance the education of the public in maritime rescue in the waters within and surrounding Scotland and elsewhere, either independently and/or in association with Local Authorities, public sector agencies, non-governmental organisations, voluntary organisations and others. MRI fulfils its objectives through provision of:

- 24 hour waterborne SAR response via HM Coastguard for the Kincardineshire coast and up to 50 nautical miles offshore;
- educational and awareness programmes relating to water environments; and
- Training, Research/Development and Advisory services both nationally and internationally.

Aims and rationale of operations

MRI saves lives around the Kincardineshire coast by providing:

- two SAR Lifeboats supported by 20 volunteers, and
- education and awareness programmes relating to water environments

MRI SAR Lifeboat Operations

To maximise the efficiency and safety of SAR Lifeboat operations MRI utilises the findings of ongoing SAR area operational profiling to provide definition of SAR asset and SAR training requirements. The charity then further defines a standard of performance, commensurate with the resources available, using trained and competent people who, whenever possible, are volunteers.

MRI's Strategic Performance Standards for provision of SAR resource are to:

- be available to launch 10 minutes from notification to MRI;
- reach notified casualties, where risk to life exists, to a maximum of 50 nautical miles from MRI Base; and

OBJECTIVES AND ACTIVITIES (continued)

MRI's Strategic Performance Standards for provision of SAR resource are to:

- reach 90% of notified casualties, where risk to life exists, within 10 nautical miles of MRI Base by 40 minutes of launch in adverse weather.
- be available to launch 10 minutes from notification to MRI;
- reach notified casualties, where risk to life exists, to a maximum of 50 nautical miles from MRI Base; and
- reach 90% of notified casualties, where risk to life exists, within 10 nautical miles of MRI Base by 40 minutes of launch in adverse weather.

MRI's provision of education and awareness programmes relating to water environments

The post of Education Officer is a three-year funded position. During 2010, our Education Programmes reached over 10,000 pupils from local schools. Encouraging youngsters to have a 'hands on' and 'real life' experience has proven invaluable in reducing the number of fatalities and incidents on our coastline. In addressing school curriculum subjects such as leadership, teamwork, communication and social responsibility, we are able to give fun whilst getting our crucial messages across and encouraging these youngsters to be healthy, have a 'taste for the sea' and hopefully encourage volunteers in our lifeboat crew or other areas of work. We also offer the Duke of Edinburgh Award Scheme. Feedback from police and head teachers is extremely encouraging with a marked reduction in the number of incidents and fatalities involving youths from our shorelines and cliff tops.

MRI promotes the advancement of maritime rescue both nationally and internationally by providing:

- training programmes to the public, voluntary organisations, local authorities, and governmental organisations both nationally and internationally;
- research/development and advisory programmes covering a wide range of topics, boat and ancillary systems, maritime rescue systems and techniques, methodology of teaching and trainer development;

MRI is recognised nationally and internationally for providing high quality operationally relevant services in the field of waterborne emergency response and rescue.

ACHIEVEMENTS AND PERFORMANCE

MRI SAR Lifeboats

Most call-out situations occur as a result of incidents in the leisure market - rock angling, yachting and extreme sports along the local coastline. MRI's Lifeboats responded to 10 calls during 2010, saving 6 lives and approximately £122,000 worth of craft. This is low in comparison to other years and may be a combination of MRI's educational programme making an impact on encouraging safe behaviour while enjoying the coastline, and recent bad weather reducing recreational activity on open water. MRI base still acts as the flood support centre for persons and businesses displaced due to the flooding of November 2009.

The charity's SAR Lifeboats are not externally funded and run at a deficit. We therefore require voluntary contributions and funding to sustain the service provision.

ACHIEVEMENTS AND PERFORMANCE (continued)

MRI generates income from Training, Research/Development and Advisory services, Funding Donations, Fundraising and Rental income

Training

Through 2010 MRI provided:

- 18 Training programmes to volunteer lifeboat crews from Holland, Finland, Greece, Germany, Portugal, Southport, RNLI, UK, and Canada. We also delivered papers at 2 seminars - one in Aberdeen and one in Iceland.

The above figures show an increasing spread of geographical area and type of provision and this trend is likely to continue.

Research, Development and Advisory services

- Overseas services was provided to assess and then advise on proper methods of waterborne rescue transfer.

Funding

As within most organisations during 2010, funding has also been impacted by the recession but relationships with sponsors and funders have strengthened over the past year and it is hoped that this will pay dividend into 2011 when MRI's first Corporate Charity Dinner has been scheduled. As our major sponsor, Shell UK has given incredible help to the charity with finance, marketing and publicity and, has given much in-kind help. Major funds came from:

- Sponsorship from Shell UK of £45,000 over three years 2008 - 2010
- The Robertson Trust funded the Education Officer post by £7,500
- Lloyds TSB funded the Education Post by £8,000
- The Gordon Foundation gave funding in support of 2 youths completing a summer training programme
- Aberdeenshire Council gave £5,000 to be used in the provision of a 'Sea Chest' concept to be used in 24 local schools
- The Dunard Trust awarded £1,000 for general use

Donations

A private Donor provided £7,500 to be used in support of running costs. As in other years, numerous smaller local donations were received.

Fundraising

MRI increased its fundraising efforts over 2010 with growing support from the community. There are the usual ongoing fundraising streams - collection cans, Christmas Cards, Direct Giving, Adopt a Lifeboat Crewmember and attendance at community events. The major source of income came from MRI's annual Harbour Festival, which attracts thousands of visitors and locals to Stonehaven.

Rental income

The charity continues to lease out the Boathouse Cafe/Restaurant bringing in constant rental income.

FINANCIAL REVIEW

Results

The net resources expended for the year amounting to £70,178 (2009 - £63,782) has been dealt with as shown in the Statement of Financial Activities.

The balance on the general fund at 31 December 2010 shows a deficit of £32,217.

There is no doubt that the financial recession across the globe has had an impact on MRI's funds but despite this, in many areas the charity has gone from strength to strength and predicts an upward trend for 2011. It will start 2011 with its first Corporate Charity Dinner which is anticipated to raise in excess of £25,000.

However:

- The lifeboats are now aging and require greater upkeep and maintenance. However, since appointing a full time Coxswain/Mechanic, the charity sees benefit and a reduction in its lifeboat maintenance costs. Since this is core to MRI's work and service to its community, it is paramount that these boats are well serviced. As part of the maintenance plan, the charity allocated the latest addition to its boats as one of the two dedicated lifeboats and segregating two other boats for the training of others.
- Salary and secondment costs have increased with an additional £28,000 being used from its own reserves during 2010.

We are pleased to report a slight increase in local fundraising income along with a reduction in associated costs during 2010 which is a welcome indication of the appreciation that MRI's lifeboat service has within the local community.

Reserves policy

The directors have established a policy whereby the net book value of tangible fixed assets required to enable the company to meet its charitable objectives, less loans to acquire certain of those assets, is included in a designated fund.

The directors had established a policy whereby a reserve cash fund had been established that could be called upon should the charity require additional short term support to meet its charitable objectives. However, due to financial restraints, the Trustees agreed to use £15,000 in support of its running costs. They feel it imperative in 2011 to replace this and build the reserve fund to £40,000 representing 2 months of running costs.

PLANS FOR FUTURE PERIODS

Hard work by both Trustees and Staff will ensure headway in creating a sustainable position for the long term. To do this current plans are:

- To continue to offer the Lifeboat Service to the local community and to attract other lifeboat services to Stonehaven for Training.
- To consolidate the links made at the MRI Charity Dinner held in February 2011 which will take care of the deficit for 2010.
- To capitalise on the PR already generated by The Big Partnership in Aberdeen and remaining in the focus of potential donors and sponsors. Funding support of £4,500 had been given during 2010 for this vital area of work and a similar donor will be sought for 2011 in order to build upon the great work done.
- To fill the gaps in training during the summer months with Corporate and Teambuilding Days
- To further liaise with its international contacts to expand training potential at the charity base in Stonehaven.
- To strengthen the Educational Programmes delivered and seek funding for continuation of the post.
- To use the Trading arm of the charity to generate surplus in support of the charity by offering training courses to the 'windfarm' industry. The aim is to generate £50,000 of income in the first year, 2011.

The directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Signed on behalf of the board of directors

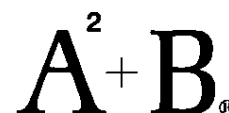


Chairman - Colin Braithwaite

24/4/2011

Date

MARITIME RESCUE INSTITUTE
STATEMENT OF DIRECTORS' RESPONSIBILITIES



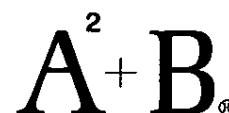
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

INDEPENDENT EXAMINER'S REPORT



Independent Examiner's Report to the Trustees of Maritime Rescue Institute

I report on the financial statements of the charity for the year ended 31 December 2010 which are set out on pages 11 to 25.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees 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 financial statements 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 the 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 financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees 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 financial statements.

Independent examiner's statement

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

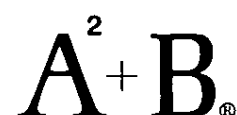
1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - to prepare financial statements which accord with the accounting records 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 financial statements to be reached.

A handwritten signature in black ink that reads 'John A Black'.

John A Black CA
Member of Institute of Chartered Accountants in Scotland
Anderson Anderson & Brown LLP
9 Queens Road
Aberdeen

24 APRIL 2011

**MARITIME RESCUE INSTITUTE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2010**



	Note	Unrestricted funds £	Restricted funds £	Total 2010 £	Total 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	61,532	-	61,532	103,000
Activities for generating funds	3	35,170	2,526	37,696	34,420
Investment income	4	1	-	1	165
Incoming resources from charitable activities	5	146,802	5,000	150,802	100,066
TOTAL INCOMING RESOURCES		242,505	7,526	250,031	237,651
RESOURCES EXPENDED					
Cost of generating funds	6	12,171	2,526	14,697	17,223
Charitable activities	7	282,845	15,932	298,777	277,343
Governance costs	8	6,735	-	6,735	6,867
TOTAL RESOURCES EXPENDED		301,751	18,458	320,209	301,433
NET INCOMING RESOURCES/ RESOURCES EXPENDED AND MOVEMENT IN FUNDS FOR THE YEAR	9	(59,246)	(10,932)	(70,178)	(63,782)
Transfers		7,654	(7,654)	-	-
Funds at 1 January 2010		102,883	105,594	208,477	272,259
FUNDS AT 31 DECEMBER 2010		£ 51,291	£ 87,008	£ 138,299	£ 208,477

MARITIME RESCUE INSTITUTE
COMPANY NUMBER: SC225049
BALANCE SHEET - 31 DECEMBER 2010

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	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	11	277,234	312,277
Investments	12	10	10
		<u>277,244</u>	<u>312,287</u>
CURRENT (LIABILITIES)/ASSETS			
Stock		1,100	1,073
Debtors		8,971	42,287
Cash at bank and in hand		30,637	52,071
		<u>40,708</u>	<u>95,431</u>
CREDITORS: amounts falling due within one year	14	<u>50,270</u>	<u>51,801</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(9,562)</u>	<u>43,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>267,682</u>	<u>355,917</u>
CREDITORS: amounts falling due after more than one year	15	<u>129,383</u>	<u>147,440</u>
		<u>£ 138,299</u>	<u>£ 208,477</u>
FUNDS			
Restricted funds	18	87,008	105,594
Unrestricted funds:			
General reserve	19	(32,217)	3,518
Revaluation reserve	19	46,195	50,045
Designated funds	19	37,313	49,320
		<u>£ 138,299</u>	<u>£ 208,477</u>

For the year ended 31 December 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

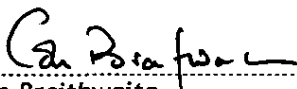
- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

MARITIME RESCUE INSTITUTE
COMPANY NUMBER: SC225049
BALANCE SHEET - 31 DECEMBER 2010 (*continued*)

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These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Signed on behalf of the Board of Directors



Director - Colin Braithwaite

24/4/2011

Date

1. ACCOUNTING POLICIES

(a) *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

(b) *Going concern*

The financial statements are prepared on a going concern basis.

(c) *Consolidation*

The company is exempt from producing group financial statements under Section 398 of the Companies Act 2006 as it is classified as a small sized group. The company's financial statements therefore present information about it as an individual undertaking and not its group.

(d) *Incoming resources*

i) Voluntary income

Donations are included in the Statement of Financial Activities in the year in which they are receivable.

ii) Grants receivable

Income from grants, including capital grants, is included in incoming resources when it is receivable except where the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that income is to be expended in a future period. In these circumstances income is deferred until those periods.

iii) Activities for generating income

Income from fund raising activities is recognised in the Statement of Financial Activities when receivable.

1. ACCOUNTING POLICIES (continued)

(e) *Resources expended*

Liabilities are recognised when the charity has an obligation to make a payment to a third party.

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Expenditure is directly attributed to the relevant category within the Statement of Financial Activities, with support costs allocated on a basis consistent with the use of resources.

Costs of generating funds comprise those costs incurred in undertaking activities which generate funds for the charity.

Charitable activities include expenditure associated with the company's work in promoting and advancing public education in maritime rescue.

Governance costs include those costs incurred in the governance of the charitable company and its assets and are primarily associated with constitutional and statutory requirements.

(f) *Fixed assets and depreciation*

Fixed assets costing £200 or more are capitalised at cost.

The cost of fixed assets is written off over their expected useful lives as follows:

Leasehold building	over term of lease
Plant and machinery	5 years
Motor vehicles	5 years
Computers and office equipment	3-5 years
Boats, search and rescue equipment	10 years

Fixed assets are stated at cost or valuation at the year end.

(g) *Stock*

Stocks are valued at the lower of cost and net realisable value.

(h) *Taxation*

The company is recognised by HM Revenue & Customs as a charity and therefore is not liable to taxation.

(i) *Leasing commitments*

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

1. ACCOUNTING POLICIES (continued)

(j) *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

(k) *Funds*

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the directors.

Designated funds are unrestricted funds earmarked by the directors for specific future purposes or projects.

Restricted funds are to be used for specific purposes as laid down by the donor.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Total 2010 £	Total 2009 £
Third party donations and grants	57,032	-	57,032	103,000
Gifts in kind	4,500	-	4,500	-
	<u>£ 61,532</u>	<u>£ -</u>	<u>£ 61,532</u>	<u>£ 103,000</u>

3. ACTIVITIES FOR GENERATING FUNDS

	2010 £	2009 £
Fundraising	19,696	17,420
Rental income	18,000	17,000
	<u>£ 37,696</u>	<u>£ 34,420</u>

4. INVESTMENT INCOME

	2010	2009
Bank interest received	<u>£ 1</u>	<u>£ 165</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2010	2009
Provision of courses	<u>£ 150,802</u>	<u>£ 100,066</u>

6. RESOURCES EXPENDED

The company allocates its support costs as shown in the table below and then further apportsions these costs between the two charitable activities undertaken (see Note 7). Support costs are allocated on a basis consistent with the use of resources.

	Activities for generating funds £	Charitable activities £	Governance £	Total £	2009 £
<i>Direct costs:</i>					
Wages, salaries and national insurance	-	96,719	-	96,719	59,383
Apprentices & seconded staff	-	28,080	-	28,080	46,580
Direct cost of courses	-	36,677	-	36,677	19,587
<i>Support costs:</i>					
Repairs & servicing	-	4,407	-	4,407	5,786
Provision of lifeboat search and rescue	-	24,218	-	24,218	36,662
Depreciation	6,225	33,500	-	39,725	41,858
Fundraising costs	3,972	-	-	3,972	10,078
Project costs	-	8,300	-	8,300	16,751
Staff training	-	3,071	-	3,071	2,803
Rent & rates	-	8,893	-	8,893	8,280
Heat, light & power	-	11,238	-	11,238	6,302
Travelling & subsistence	-	2,369	-	2,369	2,738
Printing, stationery & telephone	-	4,291	-	4,291	4,361
Motor expenses	-	495	-	495	193
Insurance	-	22,286	-	22,286	15,115
Bank charges	-	3,129	-	3,129	3,604
Loan interest	-	9,362	-	9,362	9,071
General expenses	-	829	-	829	4,442
Subscriptions & donations	-	270	-	270	442
Publicity	-	643	-	643	373
Legal & accountancy	-	-	6,735	6,735	6,867
Bad debts written off	-	-	-	-	157
Public relations	4,500	-	-	4,500	-
	<u>£ 14,697</u>	<u>£ 298,777</u>	<u>£ 6,735</u>	<u>£ 320,209</u>	<u>£ 301,433</u>

7. CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total £	2009 £
Wages, salaries & national insurance	81,219	15,500	96,719	59,383
Apprenticeships & seconded staff	28,080	-	28,080	46,580
Direct cost of courses	36,245	432	36,677	19,587
Repairs and servicing	4,407	-	4,407	5,786
Depreciation	33,500	-	33,500	35,086
Staff training	3,071	-	3,071	2,803
Project costs	8,300	-	8,300	16,751
Rent and rates	8,893	-	8,893	8,280
Heat, light and power	11,238	-	11,238	6,302
Travelling and subsistence	2,369	-	2,369	2,738
Printing, stationery & telephone	4,291	-	4,291	4,361
Motor expenses	495	-	495	193
Insurance	22,286	-	22,286	15,115
Bank charges and interest	3,129	-	3,129	3,604
Loan interest	9,362	-	9,362	9,071
General expenses	829	-	829	4,442
Subscriptions and donations	270	-	270	442
Publicity	643	-	643	-
Bad debt written off	-	-	-	157
Training and education	258,627	15,932	274,559	240,681
Search and rescue - provision of lifeboat	24,218	-	24,218	36,662
	<u>£ 282,845</u>	<u>£ 15,932</u>	<u>£ 298,777</u>	<u>£ 277,343</u>

8. GOVERNANCE COSTS

	2010 £	2009 £
Legal and accountancy	1,060	3,289
Independent examination - external scrutiny	2,775	2,000
- other	2,900	1,578
	<u>£ 6,735</u>	<u>£ 6,867</u>

9. MOVEMENT IN FUNDS FOR THE YEAR *is stated after charging:*

	2010 £	2009 £
Depreciation	39,725	41,858
Operating lease rental - land & buildings	5,170	4,400
Bank interest	840	1,228
Loan interest	9,362	9,071

10. STAFF NUMBERS AND COSTS

The average number of persons employed by the charitable company during the year, including the directors, was as follows:

	2010 No	2009 No
Directors	7	6
Management	1	1
Administration	1	1
Training	3	3
	<u>12</u>	<u>11</u>

The aggregate payroll costs of these persons were as follows:

	2010 £	2009 £
Wages and salaries	87,443	69,795
Social security	6,568	5,338
Pension	2,707	2,750
	<u>£ 96,718</u>	<u>£ 77,883</u>

The directors received no remuneration or expenses from the company during the year (2010 - £nil).

11. TANGIBLE FIXED ASSETS

	Leasehold buildings £	Plant & machinery £	Motor vehicle & equipment £	Computers & office equipment £	Boats, search & rescue equipment £	Total £
COST OR VALUATION						
At 1 January 2010	293,297	2,976	4,200	10,864	286,524	597,861
Additions	2,180	-	2,500	-	-	4,680
At 31 December 2010	295,477	2,976	6,700	10,864	286,524	602,541
DEPRECIATION						
At 1 January 2010	60,235	2,976	1,346	10,253	210,774	285,584
Charge for year	14,479	-	1,173	143	23,928	39,723
At 31 December 2010	74,714	2,976	2,519	10,396	234,702	325,307
Net book amounts at: 31 December 2010	£ 220,763	£ -	£ 4,181	£ 468	£ 51,822	£ 277,234
31 December 2010	£ 233,062	£ -	£ 2,854	£ 611	£ 75,750	£ 312,277

The original leasehold building was valued at an open market value by the directors in consultation with the charity's professional property advisors on 29 March 2004. In the current economic climate the trustees feel it would be inappropriate and imprudent to make an upward revaluation of the property notwithstanding that they believe that the property is carried at an amount below its current value.

The historical cost of the leasehold building included at valuation is £45,182.

12. INVESTMENTS

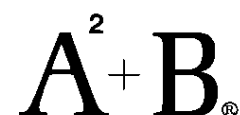
	2010	2009
COST	<u>£ 10</u>	<u>£ 10</u>

The subsidiary undertaking at 31 December 2010 was:

MRI Trading Ltd	
Country of incorporation:	Scotland
Holding:	Ordinary shares
Nature of business:	Provision of marine consultancy services
Proportion of shares held:	100%
Aggregate capital and reserves:	£10
Profit for the year:	£nil

The subsidiary ceased trading on 31 October 2008 and is now dormant.

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13. DEBTORS

	2010 £	2009 £
Trade debtors	2,139	3,110
Prepayments and accrued income	6,826	4,732
Other debtors	-	34,335
Amount due from subsidiary undertaking	6	110
	<u>£ 8,971</u>	<u>£ 42,287</u>

14. CREDITORS: *amounts falling due within one year*

	2010 £	2009 £
Loan (Note 16)	17,973	15,847
Trade creditors	22,762	23,403
Amount due to subsidiary undertaking	-	-
Other taxes and social security	5,636	4,946
Other creditors	53	53
Accruals	3,846	7,552
	<u>£ 50,270</u>	<u>£ 51,801</u>

15. CREDITORS: *amounts falling due after more than one year*

	2010	2009
Loan (Note 16)	<u>£ 129,383</u>	<u>£ 147,440</u>

16. LOAN

	2010 £	2009 £
Wholly repayable within five years	101,682	91,052
Not wholly repayable within five years	45,674	72,235
	<u>£ 147,356</u>	<u>£ 163,287</u>
	2010 £	2009 £
<i>Amounts repayable:</i>		
Less than one year (Note 14)	17,973	15,847
Between one and two years (Note 15)	19,155	17,028
Between two and five years (Note 15)	64,554	58,177
	<u>101,682</u>	<u>91,052</u>
In five years or more (Note 15)	45,674	72,235
	<u>£ 147,356</u>	<u>£ 163,287</u>

One loan is repayable in 87 monthly instalments ending March 2018, bearing interest at 6.8% per annum. The amount outstanding at 31 December 2010 is £120,931.

The other loan is repayable in 94 monthly instalments ending October 2018, bearing interest at 2.5% per annum above the Clydesdale Bank base rate. The amount outstanding at 31 December 2010 is £26,425.

17. SECURITY

The loans are secured by a standard security over the charitable company's interest in certain leasehold properties.

18. FUNDS

	General fund £	Revaluation reserve £	Designated funds £	Total unrestricted funds £	Restricted funds £	Total funds £
FUNDS						
At 31 December 2009	3,518	50,045	49,320	102,883	105,594	208,477
Incoming resources	242,505	-	-	242,505	7,526	250,031
Resources expended	(301,751)	-	-	(301,751)	(18,458)	(320,209)
Transfers:						
From designated funds	12,007	-	(12,007)	-	-	-
From restricted funds	7,654	-	-	7,654	(7,654)	-
From revaluation reserve	3,850	(3,850)	-	-	-	-
At 31 December 2010	<u>£ (32,217)</u>	<u>£ 46,195</u>	<u>£ 37,313</u>	<u>£ 51,291</u>	<u>£ 87,008</u>	<u>£ 138,299</u>

The designated fixed assets fund, together with the revaluation reserve represents the net book value of tangible fixed assets, acquired using unrestricted funds, net of the loan used to finance the purchase of the property. Each year an amount is transferred to or from the fund representing the movements in the net book value of those tangible fixed assets and the loan movements in the year.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Revaluation reserve £	Designated funds £	Total unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	-	46,195	184,669	230,864	46,370	277,234
Investments	10	-	-	10	-	10
Current assets	70	-	-	70	40,638	40,708
Current liabilities	(32,297)	-	(17,973)	(50,270)	-	(50,270)
	<u>(32,217)</u>	<u>46,195</u>	<u>166,696</u>	<u>180,674</u>	<u>87,008</u>	<u>267,682</u>
Liabilities due after more than one year	-	-	(129,383)	(129,383)	-	(129,383)
	<u>£ (32,217)</u>	<u>£ 46,195</u>	<u>£ 37,313</u>	<u>£ 51,291</u>	<u>£ 87,008</u>	<u>£ 138,299</u>

20. RESTRICTED FUNDS

Restricted funds represent income for purposes specified by the donor as follows:

	At 31 December 2009 £	Incoming resources £	Resources expended £	Transfer	At 31 December 2010 £
Building	35,000	-	-		35,000
Heritage projects	3,951	-	-	(3,951)	-
Education Officer	29,570	-	(15,500)	-	14,070
Lifeboat	22,000	-	-	-	22,000
Harbour festival	-	2,526	(2,526)	-	-
Other	448	-	-	(448)	-
Education Fund (Treasure Chest)	-	5,000	(432)	-	4,568
Education Boat	14,625	-	-	(3,255)	11,370
	<u>£ 105,594</u>	<u>£ 7,526</u>	<u>£ (18,458)</u>	<u>£ (7,654)</u>	<u>£ 87,008</u>

21. LEASE COMMITMENTS

At the end of the financial year the charity had annual commitments under operating leases as follows:

	Land and buildings	
	2010	2009
Leases expiring after five years	<u>£ 5,170</u>	<u>£ 4,400</u>

22. RELATED PARTY TRANSACTIONS

Control

Throughout the year the charity was controlled by the directors.

Transactions

During the year there were the following transactions with related parties:

Related party	Transaction	£	Balance at year end £
MRI Trading Limited, a subsidiary company	Current account due from subsidiary company	104	6

23. LEGAL STATUS

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.