

# THE HIGHLAND COUNCIL

## PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE

19th November 2008

### HIGHLAND FRESH MUSSELS LTD (HFM Ltd) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 AND PROGRESS REPORT

Report by Director of Planning & Development

Agenda Item	
Report No	

#### SUMMARY

The "Financial Statements for the Year Ended 31 March 2008" for Highland Fresh Mussels Ltd is presented to Committee. The report also provides brief details of the activities of Highland Fresh Mussels Ltd during the current financial year (2008/2009).

The report recommends that Committee:

- (a) note the contents of the report, and;
- (b) accepts the Financial Statements for the year ended 31<sup>st</sup> March 2008 of Highland Fresh Mussels Ltd on behalf of the Highland Council.

#### 1 Introduction

1.1 The Highland Council's mussel fishery management company Highland Fresh Mussels Ltd (HFM Ltd) began trading during Financial Year 1998/99. Attached, as Appendix 1, is the "Financial Statements for the year ended 31 March 2008".

#### 2 Report of Directors and Financial Statements (2007/2008)

2.1 Committee will note from Appendix 1:

- During 2007/2008, 952 tonnes of mussels were harvested which generated sales receipts of £261,694.
- Taking into account the cost of sales, administrative expenses (including payments to the Common Good), other income and interest payable, a loss on ordinary activities of £72,174 was realised, before tax considerations.
- Reclaimed Corporation Tax implications resulted in a loss of £61,873 being carried forward into 2008/2009.
- Including balances retained from previous years, the cumulative carry forward to 2008/2009 amounted to £243,649.
- During 2007/2008 HFM Ltd paid £181,505 into the Tain Common Good Fund. This payment was made under the terms of the lease. The Company exercises mussel fishing rights held by the Council.

### **3 Maximising Returns to the Common Good of Tain**

- 3.1 An offer of lease for the mussel beds and scalps and the mussel fishing rights was submitted to HFM Ltd by the Highland Council on 4 October 2001. This was accepted and a lease was entered into on 15 October 2001. At the time rental was set in order to maximise returns to the Common Good at all levels of production. It was intended that the rent be reviewed at 3 yearly intervals.
- 3.2 A recent review of rental arrangements, on the basis of a now mature company and increased profitability, sought to increase the level of returns to the Common Good of Tain. The review recognised that an HFM Ltd primary objective is to maximise returns while retaining flexibility regarding the period within which rental reviews take place. Payments made to the Common Good during 2007/2008 included payment in respect of 2006/2007 and resulted in the loss generated during 2007/2008.
- 3.3 Rental arrangements now in place ensure maximum returns to the Common Good of Tain, without leaving the Company exposed to fluctuations in the market and potential fishery closures.

### **4 Progress of HFM Ltd During 2008/2009**

- 4.1 During the current financial year (2008/2009) it is anticipated that the Company will sell 900 tonnes of mussels, generating a gross income of approximately £235,000. Of this, around 250 tonnes will have been exported to France or relayed in other areas of Scotland. The remainder being supplied to the UK market.
- 4.2 It is anticipated that HFM Ltd will contribute around £70,000 to the Common Good Fund of Tain in 2008/09.
- 4.3 The Financial Statements for year ending 31<sup>st</sup> March 2009 will be presented to the Committee when they become available.

### **5 Resource Implications**

There are no additional resource implications arising from this report.

#### **RECOMMENDATION**

That Committee.

- (a) note the contents of the report, and;
- (b) accepts the Financial Statements for the year ended 31<sup>st</sup> March 2008 of Highland Fresh Mussels Ltd on behalf of the Highland Council.

Signature:

Designation: Director of Planning and Development

Date: 11 November 2008

Author: George Hamilton (Ext :2568)

Ref: GH

## Background Papers

1. HFMLtd Progress reports to Ross and Cromarty Area Committee since establishing the Company
2. Offer of lease of Tain Mussel Fishings to Highland Fresh Mussels Ltd – Highland Council, October 2001.
3. Highland Fresh Mussels Limited – Financial Statements for the year ended 31<sup>st</sup> March 2008

**HIGHLAND FRESH MUSSELS LIMITED**  
**Company Limited by Guarantee**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**Company Registration Number SC178925**

**Callander Colgan**  
Accountants & Business Advisers  
Ballantyne House  
84 Academy Street  
Inverness  
IV1 1LU

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE****FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2008**

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<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the members	4 to 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 to 13
<b>The following pages do not form part of the statutory financial statements</b>	
Detailed profit and loss account	15
Notes to the detailed profit and loss account	16

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**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**OFFICERS AND PROFESSIONAL ADVISERS**

**YEAR ENDED 31 MARCH 2008**

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<b>The board of directors</b>	R W Durham A Rhind R Robertson A Torrance J McGillivray
<b>Company secretary</b>	G Hamilton
<b>Business address</b>	Council Offices High Street Dingwall Ross-shire IV15 9QN
<b>Registered office</b>	Council Offices High Street Dingwall Ross-shire IV15 9QN
<b>Auditor</b>	Callander Colgan Limited Registered Auditor Ballantyne House 84 Academy Street Inverness IV1 1LU
<b>Accountants</b>	Callander Colgan Limited Accountants & Business Advisers Ballantyne House 84 Academy Street Inverness IV1 1LU

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE****THE DIRECTORS' REPORT****YEAR ENDED 31 MARCH 2008**

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The directors present their report and the financial statements of the company for the year ended 31 March 2008.

**Principal activities**

The principal activity of the company during the year was the harvesting and sale of mussels.

**Directors**

The directors who served the company during the year were as follows:

R W Durham  
A Rhind  
R Robertson  
A Torrance  
J McGillivray

J McGillivray was appointed as a director on 14 June 2007.

D Allan resigned as a director on 3 May 2007.

H R MacIntyre resigned as a director on 3 May 2007.

J Connel resigned as a director on 3 May 2007.

**Directors' responsibilities**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE****THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 MARCH 2008**

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**Auditor**

The auditors, Tenon Audit Limited, have transferred their audit business in Inverness to Callander Colgan Limited, who have accordingly been appointed as auditors to succeed Tenon Audit Limited and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

**Small company provisions**

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

Signed by order of the directors

G Hamilton  
Company Secretary

Approved by the directors on .....

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
HIGHLAND FRESH MUSSELS LIMITED**

**YEAR ENDED 31 MARCH 2008**

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We have audited the financial statements of Highland Fresh Mussels Limited on pages 6 to 13 for the year ended 31 March 2008. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As described in the statement of directors' responsibilities on pages 2 to 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
HIGHLAND FRESH MUSSELS LIMITED *(continued)*

YEAR ENDED 31 MARCH 2008

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Callander Colgan Limited  
Registered Auditor  
Ballantyne House  
84 Academy Street  
Inverness  
IV1 1LU

Date:- .....

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 2008**

	Note	2008 £	2007 £
Turnover		261,694	312,884
Cost of sales		(85,448)	(96,607)
<b>Gross profit</b>		<u>176,246</u>	<u>216,277</u>
Administrative expenses		(248,420)	(164,010)
<b>Operating (loss)/profit</b>	2	<u>(72,174)</u>	<u>52,267</u>
Interest receivable and similar income		884	-
Interest payable and similar charges		(200)	(1,663)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(71,490)</u>	<u>50,604</u>
Tax on (loss)/profit on ordinary activities	3	9,617	(8,519)
<b>(Loss)/profit for the financial year</b>		<u>(61,873)</u>	<u>42,085</u>

The notes on pages 8 to 13 form part of these financial statements.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET**

**31 MARCH 2008**

	Note	2008		2007	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	4		40,000		40,000
Tangible assets	5		178,506		200,337
			<u>218,506</u>		<u>240,337</u>
<b>Current assets</b>					
Stocks		4,630		2,808	
Debtors	6	67,106		104,856	
Cash at bank		98,261		110,014	
			<u>169,997</u>		<u>217,678</u>
<b>Creditors: Amounts falling due within one year</b>	7	(95,253)		(94,518)	
<b>Net current assets</b>			74,744		123,160
<b>Total assets less current liabilities</b>			<u>293,250</u>		<u>363,497</u>
<b>Creditors: Amounts falling due after more than one year</b>	8		(5,567)		(10,567)
			<u>287,683</u>		<u>352,930</u>
<b>Provisions for liabilities</b>					
Deferred taxation	9		(18,166)		(19,007)
Government grants	10		(25,868)		(28,401)
			<u>243,649</u>		<u>305,522</u>
<b>Reserves</b>					
Profit and loss account	14		243,649		305,522
<b>Members' funds</b>	15		<u>243,649</u>		<u>305,522</u>

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

These financial statements were approved by the directors and authorised for issue on ....., and are signed on their behalf by:

A Rhind  
Director

The notes on pages 8 to 13 form part of these financial statements.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

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**1. Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**Turnover**

The turnover shown in the profit and loss account represents amounts receivable for the sale of mussels during the year.

Turnover in the profit and loss account is recorded net of Value Added Tax and recognised when the significant risks and reward of ownership have been transferred to the buyer.

**Intangible fixed asset**

The intangible fixed asset comprises a fishing license which is recorded at cost. The fishing license is considered by the directors to have an indefinite useful life. As such no amortisation is charged but the carrying value is subject to an annual impairment review in accordance with the requirements of FRS11.

**Departure from Companies Act requirements**

The treatment of intangible fixed assets stated above is not in accordance with the Companies Act 1985 which requires the amortisation of intangible assets. However, in the directors' view the value of this asset does not reduce over time, and therefore consider that such a policy would fail to give a true and fair view. The directors believe that any changes for the year should reflect any impairment that may have arisen.

If the intangible asset had been amortised over a useful economic life of 20 years then a charge of £2,000 (2007: £2,000) would have been recognised in the profit and loss account reducing the loss on ordinary activities before tax to £73,490 (2007: £48,604 profit).

**Tangible fixed assets**

Tangible fixed assets are stated at cost, being purchase price, less accumulated depreciation.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery	-	20% on cost
Boat	-	15 years on cost

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Cost includes all direct expenditure involved in bringing stocks to their present location and condition.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

**1. Accounting policies (continued)**

**Finance lease**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is capitalised in the balance sheet as a tangible fixed asset at its fair value and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits during the period in which they become liable.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Deferred government grants**

Government grants received in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

All other grants are credited to the profit and loss account in the year that they are received.

**2. Operating (loss)/profit**

Operating (loss)/profit is stated after charging/(crediting):

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amortisation of government grants re fixed assets	(2,533)	(2,533)
Depreciation of owned fixed assets	16,831	16,831
Depreciation of assets held under finance lease agreements	5,000	5,000
Auditors remuneration	<u>2,400</u>	<u>2,400</u>

HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

3. Taxation on ordinary activities

Analysis of charge in the year

	2008 £	2007 £
UK Corporation tax	-	8,776
UK Corporation tax repayment due	(8,776)	
Deferred tax:		
Origination and reversal of timing differences	(841)	(257)
Tax on (loss)/profit on ordinary activities	<u>(9,617)</u>	<u>8,519</u>

4. Intangible fixed assets

	Licence £
<b>Cost</b>	
At 1 April 2007 and 31 March 2008	<u>40,000</u>
<b>Amortisation</b>	
At 1 April 2007 and 31 March 2008	-
<b>Net book value</b>	
At 31 March 2008	<u>40,000</u>
At 31 March 2007	<u>40,000</u>

5. Tangible fixed assets

	Plant & Machinery £	Boat £	Total £
<b>Cost</b>			
At 1 April 2007 and 31 March 2008	<u>32,158</u>	<u>248,938</u>	<u>281,096</u>
<b>Depreciation</b>			
At 1 April 2007	16,575	64,184	80,759
Charge for the year	5,235	16,596	21,831
At 31 March 2008	<u>21,810</u>	<u>80,780</u>	<u>102,590</u>
<b>Net book value</b>			
At 31 March 2008	<u>10,348</u>	<u>168,158</u>	<u>178,506</u>
At 31 March 2007	<u>15,583</u>	<u>184,754</u>	<u>200,337</u>

Finance lease agreements

Included within the net book value of £178,506 is £10,000 (2007 - £15,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,000 (2007 - £5,000).

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

**6. Debtors**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	46,304	54,157
Corporation tax repayable	8,776	14,754
VAT recoverable	10,020	33,807
Other debtors	2,006	2,138
	<u>67,106</u>	<u>104,856</u>

**7. Creditors: Amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade creditors	6,042	917
Other creditors including taxation:		
Finance lease agreements	5,200	5,200
Accruals	84,011	65,301
Other creditors	-	23,100
	<u>95,253</u>	<u>94,518</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Finance lease agreements	<u>5,200</u>	<u>5,200</u>

The finance lease creditor is secured over the fork lift truck to which it pertains.

**8. Creditors: Amounts falling due after more than one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Finance lease agreements	<u>5,567</u>	<u>10,567</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Finance lease agreements	<u>5,567</u>	<u>10,567</u>

The finance lease creditor is secured over the fork lift truck to which it pertains.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

**9. Deferred taxation**

The movement in the deferred taxation provision during the year was:

	<b>2008</b>	<b>2007</b>
	£	£
At 1 April 2007	19,007	19,264
Profit and loss account movement arising during the year	(841)	(257)
At 31 March 2008	<u>18,166</u>	<u>19,007</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	<b>2008</b>	<b>2007</b>
	£	£
Excess of taxation allowances over depreciation on fixed assets	18,166	19,007
	<u>18,166</u>	<u>19,007</u>

**10. Government grants**

	<b>2008</b>	<b>2007</b>
	£	£
<b>Received and receivable:</b>		
At 1 April 2007	38,000	38,000
At 31 March 2008	<u>38,000</u>	<u>38,000</u>
<b>Amortisation:</b>		
At 1 April 2007	9,599	7,066
Credit to profit and loss account	2,533	2,533
At 31 March 2008	<u>12,132</u>	<u>9,599</u>
Net balance at 31 March 2008	<u>25,868</u>	<u>28,401</u>

**11. Commitments under operating leases**

An operating lease commitment is in place between Highland Fresh Mussels Limited and the Highland Council for the lease of the mussel beds at Meikle Ferry, Tain. The amounts due under the lease agreement are based on mussels landed and are paid quarterly in arrears.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

**12. Related party transactions**

Highland Council is the sole member of the company. During the course of the year, expenditure comprising salary costs and boat fuel amounting to £29,500 (2007 - £31,500) was incurred by Highland Council on behalf of the company, during the year £82,565 (2007 - £18,585) was paid to the council by Highland Fresh Mussels Limited in relation to this expenditure. Amounts of £29,500 (2007 - £82,565) were outstanding at the year end relating to both the current and prior years expenditure. These balances are included within creditors due within one year.

During the year the company was charged rental of £181,505 (2007 - £96,425) by the Highland Council for the lease of mussel beds. During the year £131,270 (2007 - £176,527) was paid by the company and a balance of £50,236 (2007 - £nil) is included within creditors due within one year.

During the course of the year expenditure of £1,873 (2007 - £3,961) was incurred on materials provided by Robertson's of Tain Limited, a company which Mr Robertson, a director of Highland Fresh Mussels Limited, is a director and shareholder. £443 (2007 - £49) relating to this expenditure was outstanding at the year end, and is included within creditors due within one year.

**13. Company limited by guarantee**

The company is a private company limited by guarantee and without share capital.

**14. Profit and loss account**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Balance brought forward	305,522	263,437
(Loss)/profit for the financial year	(61,873)	42,085
Balance carried forward	<u>243,649</u>	<u>305,522</u>

**15. Reconciliation of movements in members' funds**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the financial year	(61,873)	42,085
Opening members' funds	<u>305,522</u>	<u>263,437</u>
Closing members' funds	<u>243,649</u>	<u>305,522</u>

**16. Ultimate controlling party**

The Highland Council was the sole member of the company throughout the whole of the current and prior years. As no one individual controls the Council there is no ultimate controlling party for Highland Fresh Mussels.

HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2008

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The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditor's report on pages 4 to 5.

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2008**

	2008		2007	
	£	£	£	£
<b>Turnover</b>		261,694		312,884
<b>Cost of sales</b>				
Opening stock	2,808		4,500	
Purchases	14,330		8,963	
Levy payments	2,400		3,052	
Landing dues	9,516		14,273	
Boat fuel	4,500		5,465	
Crew wages	56,524		63,162	
	90,078		99,415	
Closing stock	<u>(4,630)</u>		<u>(2,808)</u>	
		(85,448)		(96,607)
<b>Gross profit</b>		176,246		216,277
<b>Overheads</b>				
Administrative expenses		(248,420)		(164,010)
<b>Operating (loss)/profit</b>		(72,174)		52,267
Interest receivable and similar income		884		-
		<u>(71,290)</u>		<u>52,267</u>
Interest payable		(200)		(1,663)
<b>(Loss)/profit on ordinary activities</b>		<u>(71,490)</u>		<u>50,604</u>

**HIGHLAND FRESH MUSSELS LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 2008**

	2008	£	2007	£
	£	£	£	£
<b>Administrative expenses</b>				
<b>Establishment expenses</b>				
Insurance		10,118		10,642
<b>General expenses</b>				
Telephone	64		306	
Rent of mussel beds	181,505		96,425	
Printing, stationery and postage	-		25	
Management costs	25,000		25,585	
Repairs and renewals	4,395		5,428	
Sundry expenses	493		574	
Advertising	1,602		1,210	
Licences	-		440	
Legal and professional fees	1,774		-	
Accountancy fees	1,600		1,500	
Auditors remuneration	2,400		2,400	
Depn of plant and machinery	5,235		5,235	
Depreciation of boat	16,596		16,596	
Amortisation of government grants	(2,533)		(2,533)	
		238,131		153,191
<b>Financial costs</b>				
Bank charges		171		177
		248,420		164,010
<b>Interest receivable and similar income</b>				
Bank interest receivable		472		-
Other interest		412		-
		884		-
<b>Interest payable</b>				
Bank interest payable		-		1,463
Finance lease charges		200		200
		200		1,663