



**REPORT AND FINANCIAL STATEMENTS  
31 MARCH 2017**

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**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**REPORT OF THE TRUSTEES (incorporating Strategic Report)**

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The Trustees, who are also Directors of Plymouth Marine Laboratory (PML) for the purposes of the Companies Act, submit their annual report (incorporating the strategic report), together with the audited consolidated financial statements of the charity and its trading subsidiary for the period ended 31 March 2017. The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**OBJECTIVES & ACTIVITIES**

PML's mission is to undertake cutting-edge, interdisciplinary research in the sunlit ocean in anticipation of growing societal needs and to promote stewardship of marine ecosystems.

PML's research is focused on five strategic priorities, with the aim of finding solutions to challenges faced by the ocean and in turn society:

- **Living with Global Change:** investigating the uncertainties and long-term consequences of global environmental change on ecosystem structure, function and services, including essential contributions of the marine ecosystem to food security and the development of nature-based solutions.
- **Unlocking the Blue Economy:** realising the potential of the ocean and seas by supporting sustainable growth in the marine and maritime sectors as a whole, including the aquaculture, coastal tourism, biotechnology, energy and seabed industries, with an emphasis on eco-innovation.
- **Strengthening Marine Observations:** continuing long-term observation investments in the physics, chemistry and biology of coastal, shelf seas and the global ocean, both *in situ* and through remote sensing platforms, and using them for marine climate and environmental services.
- **Facing the Challenge of New Pollutants:** exploring the consequences of population growth, especially near the coast, and maritime industrial developments, on a range of pollutants, from CO<sub>2</sub>, microplastics, to biological discharges in ballast water.
- **Promoting Environmental & Human Health:** understanding the emerging threats to health and wellbeing posed by the marine environment, as well as the health and wellbeing benefits the natural marine environment can provide. Recognising the connectivity between a healthy marine environment and healthy human societies.

Each of these strategic priorities has relevance to a number of the **UN Sustainable Development Goals** (SDGs), in particular SDG14 "Life below Water", which aim to deliver benefit to society.

**Ensuring Delivery of Objectives**

Regular reporting on objectives is undertaken on a quarterly basis by the Chief Executive to the Board of Trustees, with a full review undertaken after the financial year end. New operating objectives are agreed at the beginning of each financial year. Specific operating objectives for this year included:

- Broaden PML's funding base
  - Produce high quality publications
  - Manage and deliver PML component of the Natural Environment Research Council's National Capability programme
  - Deliver appropriate accreditation systems to improve business efficiency
  - Raise awareness by achieving an increased level of PR and social media engagement.
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The Trustees can confirm that they have referred to the guidance provided by the Charity Commission, including the guidance ‘public benefit: running a charity (PB2)’ when reviewing the aims and objectives of the Charity and in planning future activities. The Trustees also give due consideration to how these activities contribute to the aims and objectives set.

**STRATEGIC REPORT FOR THE PURPOSES OF COMPANIES ACT 2006**

**1. ACHIEVEMENTS & PERFORMANCE**

**Key Achievements for 2016-17 include:**

<b>Objective</b>	<b>Achievement</b>
Broaden funding base	Success with new funders, including charities/foundations and other organizations outside the UK and Europe, and with new funding streams, such as the Grand Challenges Research Fund, which supports cutting-edge research that addresses the challenges faced by <b>developing countries</b>
Manage and deliver PML component of the Natural Environment Research Council’s National Capability programme	PML contributed to the UK’s National Capability delivering world-leading environmental science and supporting national strategic needs
Produce high quality publications	152 (peer-reviewed) publications for calendar year 2016 (2015:150). Reach (download) of publications by readers in countries across the world.
Deliver appropriate accreditation systems to improve business efficiency	Achievement of certification of Business Management Systems to ISO9001:2015 quality standard.
Raise awareness by achieving an increased level of PR and social media engagement	Press/media coverage increased by 25% compared to previous financial year. Over 2000 new followers added to PML’s Twitter following (17% increase).

A particular highlight of the year was the announcement on World Oceans Day of PML’s first patron – James Cameron – the world renowned explorer, environmentalist and film-maker.

**Impact**

PML conducts interdisciplinary and pioneering research, which in turn informs a range of stakeholders on some of the most challenging scientific issues facing the ocean and society.

Society in its broadest sense benefits from the high quality research that PML undertakes through dissemination of data and results of its research, and its effective knowledge exchange with a variety of stakeholders at national and international level, including policy makers, where PML’s independent advice and scientific evidence help to inform decision making that affects society. There are also particular beneficiaries of PML’s principal activities as shown below.

**(1) High Quality Research**

During the calendar year 2016 PML scientists produced a total of 175 publications (161 in 2015), 152 of which were peer reviewed papers, and 60 of which were first authored. Of particular note was a PML first-authored paper on “Solutions for ecosystem level protection of ocean systems under climate change” which was in the **top 5%** of all research outputs scored by Altmetric – a research tool used by publishers of scientific journals to measure the impact of publications.

Scientific publications are available to the research community globally, as well as the wider public, through an open access repository - the Plymouth Marine Science Electronic Archive

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<http://plymsea.ac.uk/> - which enables visitors to the site to download publications, copyright permitting, and search for information.

**Providing a National Capability**

The NERC funded National Capability work undertaken by PML provides excellent, effective and high impact activities that benefit the UK and beyond. New long-term, multi-centre National Capability programmes commenced this year with partners in the UK and relate primarily to improving predictions of future climate change by filling knowledge gaps and developing, for example, the **first** UK Earth System Model. PML was also successful in its proposal to secure foundation stage funding for a programme of work, working with, and for the benefit of, countries on the Official Development Assistance (ODA) list.

**Competitive Research**

PML scientists submitted a record level of research proposals during the year at the same time as undertaking research on over 100 projects on topics, ranging from the effects of microplastics in the ocean to use of Earth observation for sustainable fisheries management in West Africa (Ghana), demonstrating the relevance of PML's research to issues facing the ocean and society.

Moreover, PML leads on major programmes such as the Marine Ecosystem Research Programme, which involves 11 other partners across the UK, as well as a variety of stakeholders including the International Council for the Exploration of the Sea and the National Federation of Fisherman's Organisations. The project aims to improve our understanding of the whole UK marine ecosystem.

Examples of projects won during the year, which reflect the excellence of PML's science, its relevance and the global nature of PML's activities include:

- **South West Partnership for Environment & Economic Prosperity (SWEEP):** this large project brings together a unique blend of academics, businesses and policymakers to place 'natural capital' - those elements of nature producing value for people - at the heart of regional decision-making and business processes in the South West (SW).
- **The Changing Arctic Ocean Seafloor (ChAOS):** how changing sea ice conditions impact biological communities, biogeochemical processes and ecosystems.
- **International Partnership Programme Malaysia technical call:** PML's part in this project relates to marine pollution - wider scale maritime pollution analysis using Earth observation.

Looking forwards, investment in research is vital for its future, and indications are very positive that PML will receive funding for development of its research infrastructure.

**(2) National & International Standing**

PML's national and international standing is demonstrated in a number of ways:

**People**

PML's scientists are members of a wide range of international and national committees, or perform specific roles at an international or national level. For further details see our website at [http://www.pml.ac.uk/Research/Policy\\_advice](http://www.pml.ac.uk/Research/Policy_advice)

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**Partnerships**

With changes in the external funding environment and new streams of funding, such as the Grand Challenges Research Fund and other Official Development Assistance (ODA) related funding, PML has been collaborating with other institutes, NGOs, charities and foundations in developing countries across the world and, in particular, in the Far East and Western Indian Ocean.

In addition to working with other organisations on specific research projects, PML has a number of strategic partnerships at national and international level, which lead to collaboration in research and, in some instances, the exchange of staff and students. In April 2016 the National Partnership for Ocean Prediction was established, which sees PML combining its world-class modelling expertise with the knowledge and specialism of the Met Office and other partners.

For more information on PML's partnerships please see <http://www.pml.ac.uk/Working-with-us/Partnerships>

**(3) Knowledge Exchange**

Communicating and disseminating the results, outcomes and impact of its research and educating society in the widest sense on the importance of the ocean is a significant part of PML's remit. PML scientists participated in high level meetings on the international stage including:

- United Nations Framework Convention on Climate Change Conference of the Parties 22 (UNFCCC COP22), Marrakech – PML's role in raising the profile of the oceans at the UNFCCC COP meetings was also recognised
- European Space Agency Living Planet Symposium
- 4<sup>th</sup> International Symposium on the Ocean in a High CO<sub>2</sub> World
- UN Sustainable Development Goal 14 preparatory meeting

Stakeholder engagement is also important to PML and in June, on World Oceans Day, PML hosted an event at the House of Lords to communicate its research to a wide range of interested parties from policy makers to business. PML also provided written and oral evidence to the House of Commons Science & Technology Committee's inquiry on ocean acidification. Other written evidence was provided to select committee inquiries on "leaving the EU implications for science & technology", "the environmental impact of microplastics" and "science communication".

Communicating PML's research through various channels to a wider audience is an important aspect of PML's role and PML's Communications Group produces regular news articles for the PML website, press releases covering a range of topics, newsletters, videos and an Annual Review. All of these communication materials can be found on our website at [www.pml.ac.uk](http://www.pml.ac.uk)

**(4) Education & Training**

PML aims to contribute to marine science education in the UK and elsewhere, and especially to the training of the next generation of marine scientists. Such commitment is demonstrated in particular by PML's involvement in NERC funded Doctoral Training Partnerships (DTPs), where PML works with a number of university partners to train PhD students. In October 2016 PML welcomed seven new PhD students to PML, adding to a cohort of existing students and visiting researchers.

PML was also delighted to offer for the first time two Modern Apprenticeships, which started in September 2016 for a two year period. PML was successful in obtaining funding from the Lloyd's Register Foundation to support these apprenticeships.

Wider educational activities have included involvement in the British Science Week and in the production of Massive Online Open Courses (MOOCs).

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For further details on PML activities and achievements for the calendar year 2016, please see our Annual Review at [www.pml.ac.uk/AR2016](http://www.pml.ac.uk/AR2016)

The Trustees recognise the efforts and achievements of the staff and would like to thank them for their hard work in the year.

**2. FINANCIAL REVIEW**

**(1) Results for the year**

Net expenditure for the year amounted to £89k (2016 net expenditure £175k). After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to an income of £437k (2016: outgoing - £316k). It has been another challenging year due to the external funding environment, and the number of changes in traditional sources of funding. However, despite these challenges, the Trustees are pleased with the results, in particular the competitive research performance.

**3. PRINCIPAL RISKS AND UNCERTAINTIES**

**(1) Risk management**

A risk management policy was developed and adopted by PML in its first year of operation. In addition, a comprehensive analysis of risks to which PML is exposed was undertaken and systems identified and put in place to mitigate risk. Under the terms of the risk management policy, the Senior Management Team carries out a periodic evaluation of the risks, by way of a risk register. The Audit & Finance Committee also reviewed the risk register in detail and presented to the Board those risks of greatest significance to PML. Principal risks and their mitigation are discussed by the Trustees on a regular basis.

The principal risks and uncertainties faced by PML relate primarily to future funding resulting from Brexit, given the EU H2020 programmes provides significant opportunities, and also the risk to staffing, as c. 23% of our employees are non UK EU nationals. Another risk is the restructuring of the Research Councils into one body – UK Research & Innovation - and how this may affect funding for marine science in the future. To mitigate the financial risks, PML has been diversifying its funding base.

**(2) Reserves policy**

A reserves policy was developed and adopted by PML in its first year of operation and subsequently revised. The reserves policy is reviewed annually by the Trustees to ensure it is fit for purpose. The policy provides for the maintenance of general reserves (under unrestricted funds) at a level equivalent to at least 3 months' expenditure, in order to provide adequate working capital levels for the ongoing operation of PML and completion of existing projects. The reserves are set at a level to withstand any short term setback, whether operational, in the investment markets, or in key sources of research income. If the free reserves should fall outside the level of 3 months expenditure, the Trustees would review PML's strategic plan accordingly.

The policy also provides designated reserves (under unrestricted funds), which are funds set aside to assure that capital and other significant expenditure approved by the Trustees can be funded as required over the next 12 month period.

Bank balances decreased over the year from £1.6m to £1.4m. No funds were held for partners, e.g. where PML acts as co-ordinator of EC contracts.

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**(3) Principal Funding Sources**

Income was derived principally from competitive research of £6m (2016: £5.25m) from a variety of customers, (including NERC, the UK Space Agency and the European Commission), and the NERC National Capability funding, amounting to £3.2m (2016: £3.27m). This income has enabled PML to undertake strategic and applied research, generating knowledge and publications, as well as carrying out the activities listed under Achievements and Performance.

PML scientists have continued their success in terms of winning competitive research funding. New contracts won during the financial year were valued at £5.07m (2016: £5.15m), with another very large proposal also known to be successful. In addition the year saw a record level of proposal submissions, as well as some success with non-traditional sources of income, e.g. foundations/charities, including the Lloyd's Register Foundation.

**(4) Investment policy**

PML's investment policy was reviewed in March 2017, with no changes made. The objectives of this policy are to maintain and, if possible, enhance the real value of the reserves represented by its investments, whilst operating a medium risk strategy. PML also aims to achieve the best financial return consistent with ethical principles reflecting its aims as a charity. These objectives are pursued through a strategic investment policy which involves a broadly diversified spread of assets, covering UK and overseas equities, UK government and non-government bonds and pooled property funds. The portfolio of investments is managed by a professional asset management organisation approved by the Trustees. The assets within the managers' portfolio are held by professional custodians. The activities and performance of the investment managers are monitored through regular reporting to PML's Audit & Finance Committee, which reports to the Trustees.

**(5) Trading subsidiary**

PML's trading subsidiary, PML Applications Ltd, reported an operating profit of £43k (2016 £57k), and generated £87k (2016 £54k) of income for PML. Following careful consideration, the PML Board of Trustees agreed to accept a deferment of the repayment of the remaining balance of £100k of its loan to PML Applications Ltd for a further year to provide the trading subsidiary with sufficient working capital. Developments in PML Applications are promising for the future.

**4. PLANS FOR FUTURE PERIODS**

PML's plans for the future include the following objectives:-

- Increase funding success across Research Councils
- Deliver key objectives of charitable fundraising strategy
- Manage and deliver the PML components of the NERC National Capability programme
- Produce high quality publications
- Maximise the impact of our research
- Deliver upgrade of infrastructure
- Achieve ISO 45001 (Health & Safety) certification
- Deliver new Business Management System
- Develop a sustainable funded modern apprenticeship scheme

**STRUCTURE, GOVERNANCE & MANAGEMENT**

**Governing Document**

PML is a company limited by guarantee and registered as a charity with the Charity Commission. PML is governed by its Articles of Association adopted in July 2010 (following changes in both charity and company law) and amended by special resolutions. Responsibility for the overall governance of PML rests with the Board, who are Trustees for the purposes of the Charities Act and Directors for the purposes of the

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Companies Act. Members of the charity comprise serving Trustees and the serving Chief Executive. Hence, there are currently nine members, each of whom undertakes to contribute such amount as may be required (not exceeding £10) to PML's assets in the event of it being wound up.

**Appointment of Trustees**

As laid down in the Articles of Association, the Chair of the Trustees is appointed by the Trustees. Trustees must retire after serving a period of five consecutive years, except where such Trustee has been invited, and has agreed to serve, with the approval by resolution of the Trustees and of the members of the Charity, an additional period of office of not more than two years, or if the Trustee is elected as Chair, whereupon his/her term will be deemed to have recommenced. In exceptional circumstances, Trustees may continue beyond a seven year period, subject to approval by resolution of the Trustees and of a special resolution by the members of the Charity.

The Charity has in place a policy and procedure on the appointment of Trustees. Recruitment of new Trustees is undertaken by the Board, led by the Chairman, and nomination committees are set up as appropriate. When recruiting a new Trustee, the Board is mindful of the need to ensure a balance of skills, background and diversity. For details on individual Board members, please see the relevant section on our website at [www.pml.ac.uk/governance](http://www.pml.ac.uk/governance)

**Induction and Training of Trustees**

PML has in place policies on the induction and training of Trustees. New Trustees undergo an induction into PML, meeting other members of the Board of Trustees, as well as the Senior Management Team and staff to learn about its research, knowledge exchange activities, financial performance and infrastructure and also the work of its wholly owned trading subsidiary, PML Applications Ltd. Each Trustee receives an induction programme, which is tailored to suit the expertise of the Trustee and his/her role on the Board. As part of the formal induction programme, new Trustees receive a comprehensive induction pack containing various documents relating to PML and the duties of a Trustee, including key Charity Commission publications CC3 "The Essential Trustee" and CC10 "Hallmarks of an Effective Charity", the Articles of Association, PML's Strategy, Science Plan and Operating Plan, the most recent set of accounts, as well as various other policy documents. The Company Secretary has overall responsibility for the induction of Trustees. Where specific training is identified as necessary, then this is delivered internally or through external providers, including attendance at seminars or conferences.

**Evaluation of Board Performance**

Evaluation of Board performance was undertaken in 2013 and various actions from this evaluation have been progressed; a further evaluation is scheduled for the summer of 2017.

**Organisational Structure**

Board of Trustees

The Board of Trustees, which can have up to 11 members, is responsible for the governance of PML. The Board generally meets at least 4 times per year (or more frequently as required), receiving regular reports on the financial and management aspects of the organisation, and to discuss strategic issues. Average attendance by Trustees over the last year at Board meetings was 83% (2016: 83%).

Sub-Committees

In addition to the main Board, there are three principal sub-committees as follows:

- Audit & Finance Committee: Meets 2-3 times per year and has delegated responsibility for ensuring that PML has in place effective systems and methods of financial control and risk management and that it complies with all aspects of the law, relevant regulations and good practice. It also reviews PML's investments and the performance of the Investment Manager. Trustee members during the reporting period were Mr Sherrard (interim Chair until July 2016; thereafter member of committee) and Mr Godefroy (new Chair post July 2016).

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- Remuneration Committee: Meets at least once per year to *inter alia* review staff annual pay and benefits and propose recommendations to the Board. Trustee members during the reporting period were Mrs Timberlake, Mrs Barnes and Admiral Sir James Burnell-Nugent.
- Science Advisory Council: Meets once per year to review aspects of the science portfolio. Trustee members are Profs. Rayner (Chair), Jickells and Ward, as well as external members from the international science community.

Each of the above committees reports to the main Board on its activities, with minutes of their meetings being made available to Trustees and recommendations being presented.

Senior Management Team

The Chief Executive is given delegated authority for the day- to-day operation, delivered through the Senior Management Team, including scientific, financial, health and safety, and employment related matters. The specific levels of authority are detailed in a statement of Delegated Authority. The Chief Executive reports regularly to the Board on key aspects of PML's performance and also submits a summary Annual Statement on Internal Control, covering Governance & Management, Financial Management, Research Management and Safety, Health & Environment.

**Related Parties**

PML is eligible to bid for funding from the Natural Environment Research Council (NERC) under its three main categories – National Capability (NC), Strategic Research and Discovery Science. National Capability enables the UK to deliver world-leading environmental science, support national strategic needs, and respond to emergencies. PML is designated a Delivery Partner for “National Capability” and receives this element of funding from NERC via the National Oceanography Centre, who manage marine National Capability on behalf of NERC. There are also a number of NERC staff who work for PML; this arrangement was formalised through a staff loan agreement signed in 2002 as part of the transfer of ownership process from NERC.

PML's wholly owned subsidiary, PML Applications Ltd, was established to undertake more applied and commercial work and facilitate knowledge exchange. It may gift its surplus profits to PML.

PML has been a member of the National Centre for Ocean Forecasting since 2008; this consortium has recently been reconfigured as the National Partnership of Ocean Prediction. Partners comprise the Natural Environment Research Council, the Centre for Environment, Fisheries and Aquaculture Science, PML and the Met Office, whose Board membership included Mrs Barnes until May 2016, who was a Trustee (Director) of PML until December 2016. PML is also partner with the Met Office in the Satellite Applications Catapult South West Centre of Excellence and on a number of competitive research projects, funded by NERC and the EU.

PML has hosted the secretariat of the Partnership for Observation of the Global Oceans (POGO) for seven years, providing accommodation and staffing for the secretariat. In February 2017 POGO became a Charitable Incorporate Organisation in the UK (having previously operated as a charity in Canada). The Chief Executive of PML at the same time became a Trustee of POGO.

**Pay Policy for Senior Staff**

All of the Trustees (Directors) give of their time freely and no Trustee received remuneration during the year. Details of Trustees' expenses incurred in the course of their duties are disclosed under note 7. The Chief Executive's remuneration package is reviewed annually by the Board of Trustees who review benchmarking data from comparable sized charities, regional companies and from NERC research organisations and assess performance against objectives set for the year.

In terms of the pay of other senior staff (members of the Senior Management Team), four are NERC employees on loan to PML, as described under related parties, and hence fall under NERC pay policies.

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The pay of the remaining member of the Senior Management Team, as well as all PML employees' pay, is reviewed by the Remuneration Committee (see above) with recommendations made to the Board of Trustees for its approval.

**Reference and Administrative Details**

Plymouth Marine Laboratory; also known as PML

**Charity number**

1091222

**Company number**

4178503

**Registered office**

Prospect Place, The Hoe, Plymouth, PL1 3DH

**Patron**

James Cameron – explorer, environmentalist and renowned filmmaker

**Directors and Trustees**

The Directors of PML are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees serving during the year and since the year end were as follows:-

Admiral Sir James Burnell-Nugent KCB, CBE - Chairman

W J Barnes – retired 31 December 2016

Lord Berkeley - retired 20 July 2016

N J Godefroy

G M Hart - retired 20 July 2016

Prof. T D Jickells

Prof. R F Rayner

S P Sherrard DL

J E Timberlake

Prof. B B Ward

The Baroness Watkins of Tavistock – appointed 5 April 2017

**Senior Management Team**

Day-to-day management of PML is delegated by the Trustees to the Senior Management Team. The members of the Senior Management Team during the reporting period were:-

Prof. S J de Mora (Chief Executive)

Prof. J I Allen (Deputy Chief Executive & Director of Science)

C R Smith (Head of Human Resources)

C A J Taysom (Director of Finance & Operations)

B K Tremain (Company Secretary)

Prof. S Widdicombe (Head of Science)

Prof. Manuel Barange (Deputy Chief Executive & Director of Science) – until 30 April 2016.

**Auditors**

PKF Francis Clark, North Quay House, Sutton Harbour, Plymouth, PL4 0RA

**Bankers**

HSBC Bank Plc, Plymouth City Centre, 4 Old Town Street, Plymouth, PL1 1DD

**Solicitors**

Foot Anstey LLP, Salt Quay House, 4 North East Quay, Sutton Harbour, Plymouth, PL4 0BN

**Investment Managers**

Brewin Dolphin Ltd, Vantage Point, Woodwater Park, Pynes Hill, Exeter, EX2 5FD

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**REPORT OF THE TRUSTEES (incorporating Strategic Report)**

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**TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**COMPLETENESS OF INFORMATION TO AUDITORS**

So far as each Trustee listed on page 10 above is aware:

- There is no relevant audit information of which the company's auditors are unaware, and
- They have taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustee's report, incorporating the Strategic Report on pages 3 to 8 was approved by the Trustees and signed on their behalf by:

..... (Chairman)

Admiral Sir James Burnell-Nugent KCB, CBE

Date: ..... 2017

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PLYMOUTH MARINE LABORATORY – A COMPANY LIMITED BY GUARANTEE**

We have audited the financial statements of Plymouth Marine Laboratory for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Trustees and Auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition we read all of the financial and non-financial information accompanying the financial statements to identify any material inconsistencies with the audited financial statements to identify any material inconsistencies with the audit financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware any apparent misstatements or inconsistencies we consider the implications for our report.

**Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Charitable company and the group's affairs as at 31 March 2017, and of the incoming resources and application of resources of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PLYMOUTH MARINE LABORATORY – A COMPANY LIMITED BY GUARANTEE**

**Opinion on Other Matters Prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the Strategic report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees report (incorporating the Strategic report).

**Matters on which we are required to report by exception:**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Duncan Leslie (Senior Statutory Auditor)  
For and on behalf of  
**PKF Francis Clark**  
Chartered Accountants and Statutory Auditor  
North Quay House  
Sutton Harbour  
Plymouth  
PL4 0RA

.....

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

**YEAR ENDED 31 MARCH 2017**

	Notes	Unrestricted Funds		Restricted Funds	Total 2017	Total 2016
		General	Designated	£'000	£'000	£'000
		£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>						
Charitable activities:						
<i>Research and related activities</i>	3	412	-	9,848	10,260	9,568
Other trading activities						
<i>Commercial trading operations</i>	4	336	-	-	336	341
Investments						
<i>Bank interest and investment income</i>		85	-	-	85	71
Total income		833	-	9,848	10,681	9,980
<b>Expenditure on:</b>						
Raising funds:						
<i>Commercial trading activities</i>	4	211	-	-	211	194
Charitable activities:						
<i>Research and related activities</i>	5	481	208	9,848	10,537	9,939
Other						
<i>Investment management costs</i>		22	-	-	22	22
Total Expenditure		714	208	9,848	10,770	10,155
Net (expenditure)/income before transfers		119	(208)	-	(89)	(175)
Transfers between funds	22	(2,309)	2,309	-	-	-
Net (expenditure)/income before other recognised gains/(losses)		(2,190)	2,101	-	(89)	(175)
<i>Gains/(losses) on investment assets</i>	13	526	-	-	526	(141)
Net movement in funds		(1,664)	2,101	-	437	(316)
<i>Reconciliation of funds:</i>						
Total funds brought forward		3,189	1,499	-	4,688	5,004
Total funds carried forward		1,525	3,600	-	5,125	4,688

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**COMPANY NUMBER: 4178503**

**CONSOLIDATED BALANCE SHEET  
AT 31 MARCH 2017**

	Notes	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible assets	10&11	4,713	4,923	4,707	4,921
Intangible assets	12	121	-	121	-
Investments	13	3,453	2,865	3,553	2,965
		<u>8,287</u>	<u>7,788</u>	<u>8,381</u>	<u>7,886</u>
<b>Current assets</b>					
Debtors	14	3,375	3,387	3,317	3,364
Investments-Short term bank deposit	15	354	919	354	919
Cash at bank and in hand	15	1,392	1,617	1,197	1,474
		<u>5,121</u>	<u>5,923</u>	<u>4,868</u>	<u>5,757</u>
<b>Creditors:</b> amounts falling due within one year	16	(5,743)	(6,323)	(5,543)	(6,174)
<b>Net current (liabilities)/assets</b>		<u>(622)</u>	<u>(400)</u>	<u>(675)</u>	<u>(417)</u>
<b>Total assets less current liabilities</b>		<u>7,665</u>	<u>7,388</u>	<u>7,706</u>	<u>7,469</u>
<b>Creditors:</b> amounts falling due after more than one year	17	(2,540)	(2,700)	(2,540)	(2,700)
		<u>5,125</u>	<u>4,688</u>	<u>5,166</u>	<u>4,769</u>
<b>Funds</b>					
Unrestricted – general	22	1,525	3,189	1,566	3,270
Unrestricted – designated	22	3,600	1,499	3,600	1,499
Restricted	22	-	-	-	-
		<u>5,125</u>	<u>4,688</u>	<u>5,166</u>	<u>4,769</u>

.....  
Admiral Sir James Burnell-Nugent KCB, CBE  
Chairman

.....  
N J Godefroy  
Trustee

Date: .....2017



**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Notes</b>	<b>2017</b> £'000	<b>2016</b> £'000
<b>Cash generated from operating activities</b>			
<b><i>Net cash (used in)/provided by operating activities</i></b>	24(a)	(346)	1,827
<b><i>Cash flows from investing activities</i></b>			
Bank interest and investment income received		85	71
Payments to acquire fixed assets		(883)	(1,213)
Capital grants received		461	585
Payments to acquire investments		(62)	(52)
<b>Net cash used in investing activities</b>		<u>(399)</u>	<u>(609)</u>
<b><i>Cash flows used in financing activities</i></b>			
Net movement in long term borrowings		(34)	(99)
Bank interest payable		(11)	(13)
<b>Net cash used in financing activities</b>		<u>(45)</u>	<u>(112)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(790)</u>	<u>1,106</u>
Cash and cash equivalents brought forward		<u>2,536</u>	<u>1,430</u>
<b>Cash and cash equivalents carried forward</b>	24(b)	<u><u>1,746</u></u>	<u><u>2,536</u></u>

NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017

1. **Accounting policies**

(a) ***Constitution***

The Charity is a company limited by guarantee, incorporated in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The registered office is shown in Reference and Administrative details in the trustees report.

(b) ***Basis statement of compliance***

The financial statements have been prepared in accordance with Accounting and reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, with the exception that grants in respect of capital expenditure received are deferred and released to the Statement of Financial Activities over the expected useful lives of the relevant assets to which they relate This treatment provides consistency with the treatment adopted by other similarly funded institutions including Universities.

(c) ***Accounting convention***

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The functional currency of Plymouth Marine Laboratory is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Plymouth Marine Laboratory meets the definition of a public benefit entity under FRS 102.

(d) ***Basis of consolidation***

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, on a line by line basis. A separate statement of financial activities and income and expenditure accounts are not presented for the charity itself following the exemptions afforded by S408 of the Companies Act 2006.

Plymouth Marine Laboratory has taken advantage of the exemption not to prepare a cash flow statement for the parent company entity, as consolidated financial statements have been prepared and the members have not objected to the exemption being taken.

NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017

1. Accounting policies (continued)

The group surplus for the year for Companies Act purposes comprises net incoming resources for the year before other recognised gains and losses and was a gain of £89k (2016: loss £175k).

(e) Fixed Assets and Depreciation/Amortisation

Capital purchases are only capitalised in the Balance Sheet if their cost is £3k or more.

Tangible fixed assets are included at their historical cost.

Provision is made for depreciation on all tangible fixed assets at rates calculated to write off the costs of each asset evenly over its expected useful working life. These are normally assumed to be:

Scientific equipment	- 2 to 10 years
Computer equipment	- 2 to 5 years
Plant and machinery	- 10 years
Motor vehicles	- 4 years
Ships	- 20 years
Buildings	- 25 years

Fixed assets are depreciated in the month of acquisition, but are not depreciated in the month of disposal. Components of assets with substantially different economic lives are accounted for separately for depreciation purposes and depreciated over their individual useful economic lives.

Intangible assets are recorded at cost and amortised over the useful lifetime given as follows:

Software	- 3 to 10 years
----------	-----------------

(f) Income

All incoming resources are included in the statement of financial activities where the charity is entitled to the income and the amount can be qualified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Investment income is included when receivable.
- Grants in respect of capital expenditure are credited to a deferred capital grants account within creditors, and are released to the Statement of Financial Activities over the expected useful lives of the relevant assets to which they relate.
- Competitive Research – The majority of contracts are for 3 years duration. During the period of the contract, income is only credited to the Income and Expenditure account if it is matched by activity within the contract. Where income received to date is in excess of this calculated amount, it is deferred, where the income received is less, it is accrued. Should funds be provided within the contract to purchase capital equipment but ownership of that equipment resides with the customer, then the equipment is not capitalised on the Balance Sheet. Should ownership of the equipment reside with the group, the equipment is capitalised and the specific income provided for its purchase is spread over the life of the asset

NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017

1. Accounting policies (continued)

**(g) Expenditure**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

- Costs of generating commercial trading income through the subsidiary, PML Applications Ltd.
- Charitable activities include expenditure associated with the operation of the Charity, and include both the direct costs and support costs relating to those activities.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with strategic, constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

**(h) Research and Development and Patents**

As an organisation wholly engaged in research, the group does not classify research and development expenditure separately in the accounts. Expenditure in respect of the development of patents has been written off.

**(i) Intellectual Property**

Intellectual property rights arising from the group's research and development have not been included in these accounts as their market value cannot be readily estimated. The anticipated annual income generated from such rights is not material in value and is credited to the income and expenditure account on receipt.

**(j) Foreign Currencies**

Assets and liabilities denominated in foreign currencies are expressed in pounds sterling at rate(s) of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

**(k) Pensions**

In accordance with the Staff Loan Agreement between NERC and PML, employees who were in post at 31 March 2002 remained employees of NERC. For these employees, payments are made to the Research Council's Pension Scheme – a defined benefits scheme. Employees who joined PML after 31 March 2002 have the option to join the Plymouth Marine Laboratory Group Scheme. This is a defined contribution scheme administered by Scottish Life. Contributions for both schemes are charged to the accounts as they become payable in accordance with the rules of the schemes.

**(l) Valued Added tax**

As the group is registered partially exempt for VAT purposes, all expenditure and fixed asset purchases are shown inclusive of VAT where applicable.

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**1. Accounting policies (continued)**

**(m) Stocks**

The net realisable value of stocks is minimal and the costs of additions to stock are charged to the Income and Expenditure account in the year of purchase.

**(n) Investments**

Investments are held at market value and unrealised gains or losses are reflected through the Statement of Financial Activities.

**(o) Goodwill**

Goodwill is capitalised as an asset on the balance sheet and amortised on a straight line basis over the useful economic life.

**(p) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds which have been assigned by the Trustees for future projects.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes.

**(q) Operating leases**

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

**(r) Taxation**

Income tax expense represents the sum of the current tax currently payable and deferred tax. Tax is recognised in the statement of financial activities.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017

1. Accounting policies (continued)

(s) *Financial instruments*

Financial assets and liabilities are recognised/(derecognised) when the company becomes/(ceases to be) party to the contractual provisions of the instrument. The company holds the following financial assets and liabilities:

- *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment ("doubtful debts") are recognised in Statement of financial activities before net income.

- *Loans qualifying as basic financial instruments under FRS102*

Loans are initially recorded at transaction price and subsequently measured at amortised cost using the effective interest method.

- *Other financial instruments not qualify as basic under FRS102*

Forward exchange contracts are measured at fair value at the balance sheet date. Movements in fair value are charged or credited to the statement of financial activities before net income.

(t) *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements and estimates that the directors have made in the process of applying the charity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- *Carrying value of research balances*

Provision is made against research debtor balances where costs (including those to complete) exceed contracted income.

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

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**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**2. Income**

Income is attributable to continuing activities and represents the amounts derived from the ongoing research activities stated net of Value Added Tax.

**3. Income from charitable activities**

	<b>2017</b>	<b>2016</b>
	£'000	£'000
NERC funding (National Capability)	3,198	3,268
Research income	6,003	5,252
Deferred income on capital expenditure	528	362
Funding for restructuring	119	274
Other (*)	412	412
	<u>10,260</u>	<u>9,568</u>

The above also includes funding for support for pension and library costs.

Within charitable income £9.8m (2016 £9.2m) was attributable to restricted income with the balance of £412k (2016 £412k) being attributable to unrestricted income.

*(\*) Other income from charitable activities includes*

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Reimbursements	38	34
VAT recoverable (due to partial exemption)	27	44
POGO (**) – charges for secretariat services	119	122
Doctoral training grants	142	157
Others	86	55
	<u>412</u>	<u>412</u>

*(\*\*) Partnership for Observation of the Global Oceans*

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**4. Commercial trading operations**

A summary of the trading for the wholly owned trading subsidiary, PML Applications Ltd is shown below.

<b>Summary profit and loss account</b>	<b>2017</b>	<b>2016</b>
	£'000	£'000
Turnover	336	341
Cost of sales and administrative expenses	(295)	(286)
Other income, including interest receivable	2	2
	<hr/>	<hr/>
Operating profit	43	57
Interest payable on loan	(3)	(3)
	<hr/>	<hr/>
Net profit	40	54
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	6	3
Current assets	377	287
Current liabilities	(324)	(271)
	<hr/>	<hr/>
Total net assets/(liabilities)	59	19
	<hr/>	<hr/>
Aggregate share capital and reserves	59	19
	<hr/>	<hr/>
<i>Reconciliation with statement of financial activities (SOFA)</i>		
	<b>2017</b>	<b>2016</b>
	£'000	£'000
<i>Turnover</i>		
As above	336	341
	<hr/>	<hr/>
Per SOFA – Income from other trading activities	336	341
	<hr/>	<hr/>
	<b>2017</b>	<b>2016</b>
	£'000	£'000
<i>Cost of sales and administrative expenses</i>		
As above	295	286
Less: recharged by parent charity	(84)	(92)
	<hr/>	<hr/>
Per SOFA – Expenditure on raising funds	211	194
	<hr/>	<hr/>



**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

<b>5. Charitable expenditure – research and related activities</b>	<b>2017</b>	<b>2016</b>
	£'000	£'000
Wages and salaries to research staff	5,098	5,202
Recurrent costs:		
Science	1,964	1,326
Science support	1,063	1,129
Depreciation	972	645
Support costs (note 6)	1,310	1,300
Derivatives at fair value through SOFA (note 19)	-	50
Loan interest payable	11	13
Restructuring costs	119	274
	<u>10,537</u>	<u>9,939</u>
	<u><u>10,537</u></u>	<u><u>9,939</u></u>
Split: Designated unrestricted funds	208	141
General unrestricted funds	481	642
Restricted funds	9,848	9,156
	<u>10,537</u>	<u>9,939</u>
	<u><u>10,537</u></u>	<u><u>9,939</u></u>
 <b>6. Analysis of support costs</b>		
	<b>2017</b>	<b>2016</b>
	£'000	£'000
Senior management and administrative salaries, wages and employee costs	1,075	1,047
Administration costs	178	192
Support costs - Governance related (*)	57	61
	<u>1,310</u>	<u>1,300</u>
	<u><u>1,310</u></u>	<u><u>1,300</u></u>
 <i>*Support costs – Governance related are analysed as follows:</i>		
	<b>2017</b>	<b>2016</b>
	£'000	£'000
External audit – Charity	17	16
Board of Trustees', sub-committee and associated meetings	9	14
Strategic management	26	26
Statutory accounts	5	5
	<u>57</u>	<u>61</u>
	<u><u>57</u></u>	<u><u>61</u></u>

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**7. Staff costs**

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Wages and salaries	5,499	5,503
Social security costs	576	537
Other pension costs	641	675
	<u>6,716</u>	<u>6,715</u>

The average number of employees in each month in the year was follows:-

	<b>2017</b>	<b>2016</b>
	No	No
Permanent staff : Science and support	134	134
Senior management and administration	17	23
	<u>151</u>	<u>157</u>
Temporary staff	5	4
	<u>156</u>	<u>161</u>

The following numbers of staff had salaries of £60,000 or more:

	<b>2017</b>	<b>2016</b>
	No	No
£60,000-£69,999	3	6
£70,000-£79,999	2	1
£80,000-£89,999	1	2
£90,000-£99,999	-	-
£100,000-£109,999	-	-
£110,000-£129,999	1	1

For the above staff £86k (2016 : £137k) was paid into pension schemes.

*Key management remuneration*

Key management comprise the Trustees and senior management team. No emoluments have been paid to the Trustees during the year. The total compensation paid to the senior management team amounted to £464k (2016 £465k).

Trustees expenses amounting to £2k (2016 £8.5k) were reimbursed during the year.

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

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**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**8. Net incoming resources**

*This is stated after charging/(crediting):*

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Auditors' remuneration (group) – audit	17	17
– other – taxation and grant audits etc.	3	7
Depreciation of owned fixed assets	972	646
Operating lease rental – land and buildings	88	55
Deferred grants released	(528)	(362)
Net (gains)/losses on foreign currency transactions	(30)	(48)
Interest paid on loans held at amortised cost	11	13
	<u>          </u>	<u>          </u>

**9. Taxation**

It is considered that the activities of the charity are of a charitable nature in accordance with HMRC exemption from direct taxation, therefore no provision for taxation is considered necessary.

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

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**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**10. Fixed assets**

**Group**

	<b>Leasehold Land and Buildings</b>	<b>Plant and Scientific Equipment</b>	<b>Ships And Vehicles</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 31 March 2016	2,979	7,906	778	11,663
Additions	248	482	32	762
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	3,227	8,388	810	12,425
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 31 March 2016	457	5,823	460	6,740
Charge for the year	112	822	38	972
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	569	6,645	498	7,712
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amounts</b>				
At 31 March 2017	2,658	1,743	312	4,713
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2016	2,522	2,083	318	4,923
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within the net book value of fixed assets are assets in the course of construction of £432k which are not depreciated.

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

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**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**11. Fixed assets**

**Charity**

	<b>Leasehold Land and Buildings</b>	<b>Plant and Scientific Equipment</b>	<b>Ships And Vehicles</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 31 March 2016	2,979	7,871	778	11,628
Additions	248	478	32	758
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	3,227	8,349	810	12,386
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 31 March 2016	457	5,790	460	6,707
Charge for the year	112	822	38	972
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	569	6,612	498	7,679
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amounts</b>				
At 31 March 2017	2,658	1,737	312	4,707
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2016	2,522	2,081	318	4,921
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within the net book value of fixed assets are assets in the course of construction of £432k which are not depreciated.

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

<b>12. Intangible fixed assets Group and Charity</b>	<b>Intangibles</b>
<b>Cost</b>	<b>£'000</b>
At 31 March 2016	-
Additions	121
At 31 March 2017	<u>121</u>
Net book value at 31 March 2017	<u>121</u>
Net book value at 31 March 2016	<u>-</u>

Intangibles relate to software costs and include assets in the course of implementation of £121k which are not being amortised until they are brought into use.

<b>13. Investments Group and Charity</b>	<b>Investments</b>
	<b>£'000</b>
Market value at 31 March 2016	2,865
Additions	84
Disposals	-
Investment manager fee	(22)
Unrealised gains	526
Market value at 31 March 2017	<u>3,453</u>
Historical cost at 31 March 2017	<u>2,570</u>
Historical cost at 31 March 2016	<u>2,579</u>

**PLYMOUTH MARINE LABORATORY  
A COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2017**

**13. Investments (continued)**

**Charity**

	<b>Investment in subsidiaries £'000</b>
Cost At 31 March 2017	100
Net book value At 31 March 2016	100
At 31 March 2017	100

The subsidiary and associate undertakings at 31 March 2017 were:

<b>Name of company</b>	<b>Country of Incorporation</b>	<b>Nature of business</b>	<b>Proportion of shares held Ordinary Shares</b>
PML Applications Ltd	England	Marine research	100%
Plymouth Marine Science and Technology Park Limited	England	Development of Science Park – currently dormant	100%
GenePro Ltd (*)	England	Exploitation of intellectual Property – currently dormant	100%

The registered office of the above companies is Prospect Place, The Hoe, Plymouth, PL1 3DH.

(\*) held by subsidiary undertaking

In the opinion of the directors, the aggregate value of the company's investment in its subsidiaries is not less than the amount at which they are stated above.

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**14. Debtors**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	748	1,429	614	1,284
Amounts owed by subsidiary undertaking and associates	-	-	125	123
Accrued income	2,454	1,776	2,409	1,776
Other debtors	-	1	-	1
Prepayments	171	181	167	180
Financial Instruments - derivatives at fair value (note 19)	2	-	2	-
	<u>3,375</u>	<u>3,387</u>	<u>3,317</u>	<u>3,364</u>

Financial instruments, derivatives at fair value (note 19), were Creditors less than one year in 2016 (see note 16).

**15. Short term investments and cash balances**

Included in short term deposits of £354k and cash at bank and in hand of £1,392k at 31 March 2017 was £Nil (2016: £Nil) held on behalf of other project partners, e.g. where PML acts as co-ordinator of EC contracts.

**16. Creditors : amounts falling due within one year**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	259	502	242	491
Other creditors	123	523	123	476
Deferred income	3,293	3,193	3,182	3,126
Deferred capital grants (note 18)	587	543	587	543
Accruals	1,178	1,230	1,139	1,229
Loans (note 19)	105	90	105	90
PAYE and other taxes	198	165	165	163
VAT	-	27	-	6
Financial instruments – derivatives at fair value (note 19)	-	50	-	50
	<u>5,743</u>	<u>6,323</u>	<u>5,543</u>	<u>6,174</u>

Financial instruments, derivatives at fair value (note 19), are Debtors in 2017 (see note 14).



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**17. Creditors : amounts falling due after more than one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred capital grants (note 18)	2,150	2,261	2,150	2,261
Loans (note 19)	390	439	390	439
	<u>2,540</u>	<u>2,700</u>	<u>2,540</u>	<u>2,700</u>

**18. Deferred capital grants**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts to be released:				
Within one year	587	543	587	543
In two to five years	1,463	1,403	1,463	1,403
In over five years	687	858	687	858
	<u>2,737</u>	<u>2,804</u>	<u>2,737</u>	<u>2,804</u>

Deferred capital grants are analysed as follows:-

Current obligations (note 16)	587	543	587	543
Non-current obligations (note 17)	2,150	2,261	2,150	2,261
	<u>2,737</u>	<u>2,804</u>	<u>2,737</u>	<u>2,804</u>

Analysis of changes in deferred capital grants during the year:

At 31 March 2016	2,804	2,581	2,804	2,581
Received during the year	461	585	461	585
Released during the year	(528)	(362)	(528)	(362)
At 31 March 2017	<u>2,737</u>	<u>2,804</u>	<u>2,737</u>	<u>2,804</u>

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**19. Financial instruments**

The carrying value of the Group and Charity's financial assets and liabilities (excluding trade debtors and trade creditors measured at the undiscounted amount receivable or payable) is summarised below:-

*a) Loans held at amortised cost*

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b> £'000	<b>2016</b> £'000	<b>2017</b> £'000	<b>2016</b> £'000
Bank loans are analysed as follows:-				
Current obligations (note 16)	105	90	105	90
Non-current obligations (note 17)	390	439	390	439
	<u>495</u>	<u>529</u>	<u>495</u>	<u>529</u>
Amounts repayable				
Within one year	105	90	105	90
In two to five years	390	359	390	359
In over five years	-	80	-	80
	<u>495</u>	<u>529</u>	<u>495</u>	<u>529</u>

A bank loan of £1,000,000 was arranged as at 14 April 2011 to finance the purchase of the West Hoe site. The term was for 10 years at an interest rate of 1.85% above the bank's sterling base rate. The loan was secured on a first legal mortgage over the leasehold property at Prospect Place, The Hoe, Plymouth.

A bank loan of £200,000 was arranged as at 19 January 2017 to finance the purchase of a new business computer system. The term was for 5 years at an interest rate of 2.05% above the bank's sterling base rate. The loan was secured on the first legal mortgage over the leasehold property at Prospect Place, The Hoe, Plymouth. The loan is available in tranches, a total of £75k has been drawn.

*b) Forward exchange contracts*

At 31 March 2017 the charity had outstanding forward currency contracts amounting to €900,000 (2016: €750,000). Comparison of the year end spot rate (which acts as an approximation for the fair value of the contracts) with contracted rates presents a valuation differential as an asset of £1,738 (2016: liability of £50,413).

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**20. Called up share capital**

The company is a company limited by guarantee and does not have a share capital. The limit of each member's guarantee is £10.

**21. Other financial commitments**

At 31 March 2017 the charity had total commitments under non-cancellable operating leases as set out below:-

	<b>Land &amp; Buildings</b>		<b>Other</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts payable:				
Within 1 year	4	27	49	57
In two to five years	-	4	57	45
	<u>4</u>	<u>31</u>	<u>106</u>	<u>102</u>
	<u><u>4</u></u>	<u><u>31</u></u>	<u><u>106</u></u>	<u><u>102</u></u>

In addition to the financial commitments listed above a long term lease to 2094 has an annual commitment of £25,000 per annum.

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**22. Statement of funds**

Group	Balance at	Movement		Transfer	Balance at
	31.03.16	Income	Expenditure		31.03.17
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds – general</b>	3,189	833	(188)	(2,309)	1,525
<b>Unrestricted funds – designated</b>					
- Research Fellows	438	-	(146)	-	292
- Lecture theatre	331	-	(38)	-	293
- Head lease	480	-	(24)	-	456
- Scientific facilities (buoy)	250	-	-	-	250
- Refurbishment	-	-	-	400	400
- Leasehold land & buildings	-	-	-	1,909	1,909
	<u>1,499</u>	<u>-</u>	<u>(208)</u>	<u>2,309</u>	<u>3,600</u>
<b>Restricted funds</b>	-	9,848	(9,848)	-	-
Total funds	<u>4,688</u>	<u>10,681</u>	<u>(10,244)</u>	<u>-</u>	<u>5,125</u>

Charity	Balance at	Movement in resources		Transfer	Balance at
	31.03.16	Income	Expenditure		31.03.17
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds – general</b>	3,270	605	-	(2,309)	1,566
<b>Unrestricted funds – designated</b>					
- Research Fellows	438	-	(146)	-	292
- Lecture theatre	331	-	(38)	-	293
- Head lease	480	-	(24)	-	456
- Scientific facilities (buoy)	250	-	-	-	250
- Refurbishment	-	-	-	400	400
- Leasehold land & buildings	-	-	-	1,909	1,909
	<u>1,499</u>	<u>-</u>	<u>(208)</u>	<u>2,309</u>	<u>3,600</u>
<b>Restricted funds</b>	-	9,848	(9,848)	-	-
Total funds	<u>4,769</u>	<u>10,453</u>	<u>(10,056)</u>	<u>-</u>	<u>5,166</u>

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**23. Analysis of group net assets between funds**

	<b>Unrestricted General</b>	<b>Unrestricted Designated</b>	<b>Total</b>
	£'000	£'000	£'000
Fixed assets	2,176	2,658	4,834
Investments	2,511	942	3,453
Net current assets	(622)	-	(622)
Long term liabilities	(2,540)	-	(2,540)
	<u>1,525</u>	<u>3,600</u>	<u>5,125</u>

**24. Notes to the statement of cash flows**

**(a) Reconciliation of net income to net cash generated from operating activities**

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Net expenditure/(income) for the year before other recognised gains/(losses)	(89)	(175)
Depreciation	972	646
Deferred government grants released	(528)	(362)
Decrease/(increase) in debtors	12	2,329
(Decrease)/Increase in creditors	(639)	(553)
Bank interest and investment income receivable	(85)	(71)
Bank interest payable	11	13
Net cash (outflow)/inflow from operating activities	<u>(346)</u>	<u>1,827</u>

**(b) Analysis of cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Cash at bank and in hand	1,392	1,617
Short term bank deposits	354	919
Cash and cash equivalents	<u>1,746</u>	<u>2,536</u>

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**25. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £184,000 for the Charity and Group (2016: £251,000 for Charity and Group). These amounts are fully funded.

**26. Related party transactions**

The charity has taken advantage of the exemption under FRS102 section 33 not to disclose intra-group transactions with its subsidiary, Plymouth Marine Laboratory is the parent company of PML Applications Ltd.

**27. Pension commitments**

NERC employees are entitled to be members of the Research Council's Pension Scheme which is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The pension scheme is contributory and the benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the scheme provides retirement and related benefits based on final emoluments, redundancy and injury benefits are administered and funded by the Council. The pension scheme is administered by the Research Council's Joint Superannuation Service, and the finance administered by the Biotechnology Sciences Research Council. The scheme is a multi-employer scheme, for which a separate Research Council's Pension Scheme account is published. NERC are unable to identify their share of the underlying assets and liabilities.

Employees, who joined after 31 March 2002 are entitled to be members of the Plymouth Marine Laboratory Group Pension Scheme. This is a defined contribution scheme administered by Royal London Mutual Insurance Society Ltd. (formerly Scottish Life). Contributions for the year were a minimum of employer's 6.5% and employees 3.5%.