



**REPORT AND FINANCIAL STATEMENTS
31 MARCH 2012**

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

REPORT OF THE TRUSTEES

The Trustees, who are also Directors of Plymouth Marine Laboratory (PML) for the purposes of the Companies Act, submit their annual report and the audited financial statements for the period ended 31 March 2012. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP), revised in 2005, in preparing the annual report and financial statements of PML.

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

Directors and Trustees

The Directors of the charitable company ("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:-

Mr T Lewis FRCS (Chairman)
Lord Berkeley (Appointed 5 August 2011)
Admiral Sir James Burnell-Nugent KCB, CBE
Mr A Dixon OBE (Honorary Treasurer)
Mr Graeme Hart (Appointed 3 August 2011)
Mr Jonathan Johns (Appointed 3 August 2011)
Mrs K Morgan OBE
Prof R Rayner
Dr C Roy
Prof B Ward

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 de Mora (Chief Executive)
Dr Manuel Barange
Dr P Claridge
Mr S Groom
Mr D Loynes
Mrs C Smith
Mrs B Tremain (Company Secretary)

Auditors

Francis Clark LLP, Vantage Point, Woodwater Park, Pynes Hill, Exeter, EX2 5FD

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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

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

Plymouth Marine Laboratory (PML) is a company limited by guarantee governed by its Memorandum and Articles of Association dated 13 May 2001 and amended by special resolutions. In the light of changes in both charity and company law, PML adopted new model articles in July 2010. PML is registered as a charity with the Charity Commission. Membership of PML is open to any individual or organisation interested in promoting the Objects. There are currently eight 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 Chairman, whereupon his/her term will be deemed to have recommenced.

The Charity has in place a policy and procedure on the appointment of Trustees. Recruitment of new Trustees is undertaken by the Trustees and nomination committees are set up as appropriate.

Induction and Training of Trustees

New Trustees spend time at PML meeting other members of the Board of Trustees, Senior Management Team and staff and learning about the research and knowledge exchange activities undertaken by PML and also the activities of its wholly owned trading subsidiary, PML Applications Ltd. Each Trustees 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 the Charity Commission publication CC3 "The Essential Trustee", the Memorandum & Articles of Association, PML's Strategy "*Science for Society*" 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, then this is delivered by internal or external providers, including attendance at seminars or conferences. PML has in place policies on the induction and training of Trustees.

During the year inductions were carried out for Lord Berkeley, Mr Hart and Mr Johns.

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Organisational Structure

The Board of Trustees, which can have up to 11 members, administers PML. The Board meets at least 3 times per year (or more frequently as required), receiving regular reports on the financial and management aspects of the organization. The Chief Executive is given delegated authority for the day- to-day operation, delivered through the Senior Management Team, including scientific, financial and employment related matters. The specific levels of authority are detailed in a statement of Delegated Authority. The Chief Executive submits an Annual Statement on Internal Control, reporting to the Board on all areas of PML's operations, including Governance & Management, Financial Management, Research Management and Safety, Health & Environment.

Related Parties

PML is an Established Collaborative Centre of the Natural Environment Research Council (NERC), a body incorporated by Royal Charter. By way of a staff loan agreement signed in 2002 a number of NERC staff work for PML. NERC is also one of PML's principal "customers" for research funding. PML is eligible to bid for funding from NERC under its three main categories – National Capability (NC), Research Programme (RP) and Responsive Mode (RM). 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.

In April 2011 PML purchased its site head lease from NERC. The land is leased from Plymouth City Council until 2094.

PML is a member of the National Centre for Ocean Forecasting through a Memorandum of Understanding, which has formalised collaborations with *inter alia* the Met Office. PML also has a Memorandum of Understanding with the University of Exeter to collaborate in particular areas of research. A number of professorial chairs at the University of Exeter are held by PML staff. Other Memoranda of Understanding are in place with various partners with whom PML collaborates to undertake activities, including the Korea Ocean Research and Development Institute (KORDI) and the Monterey Bay Aquarium Research Institute (MBARI) in California.

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.

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 Executive (Senior Management Team) carry out a periodic evaluation of the risks, by way of a risk register, and report its findings, identifying the major risks, to the Trustees for their review, together with formal appraisal of risk evaluation on an annual basis.

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AIMS & OBJECTIVES FOR PUBLIC BENEFIT

The objects of PML, as set out in the Articles of Association, are:

To carry out research in environmental science and technology, including marine and estuarine environmental science and technology, and to disseminate results of such research and data and ideas generated in the course of or in connection with such research for the benefit of the public and to advance public education in the principles and practice of such science and technology.

PML's main aim (mission) is to develop and apply world leading, integrated scientific understanding of interactions between the marine environment and society in order to sustain coastal and upper ocean ecosystems and their services under conditions of global change.

PML's objects, mission and vision can be encapsulated in one strategic objective:

To undertake cutting-edge, interdisciplinary research in anticipation of societal needs and to promote stewardship of marine ecosystems.

The key strategic science areas for PML's research are:

- Socio-economics and marine planning
- Science and application of remote sensing
- Biogeochemical cycling of life-sustaining elements and climatically active gases
- Marine ecology and molecular science
- Ecosystem modelling

Ensuring Delivery of Aims and Objectives

Regular reporting on aims and 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. The Trustees can confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit 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.

In addition to PML's principal (core) activities, specific operating objectives for this year included implementation of the Strategy "*Science for Society*", reviewing progress of the Strategy against milestones, and production of at least 100 high quality publications.

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ACHIEVEMENTS & PERFORMANCE

How the Charity's Activities Delivered Public Benefit

PML informs society on the state of, benefits from and dangers to the marine environment. Society in its broadest sense benefits from the high quality research that PML undertakes through dissemination of data and results of its research, its international scientific leadership in specific areas and its effective knowledge exchange with a variety of stakeholders, including policy makers where PML's independent advice helps to inform decision making that affects society. There are also particular beneficiaries of PML's activities as shown below.

1. **High Quality Research**

During the calendar year 2011 PML scientists produced a total of 181 publications, 140 of which were ISI papers, and 80 of which were first authored. Not only did the number of papers exceed target, but there has also been a 10% increase in the average impact factor per paper. These publications and data are available to the wider scientific research community to use.

The Research Councils in the UK, in particular the NERC, benefit from the strategic research capability provided by PML. Moreover, the National Capability work undertaken by PML provides excellent, effective and high impact activities that benefit the UK and beyond, for example:

- the Western Channel Observatory is part of an international observation effort to monitor the oceans and supports a globally unique time-series;
- the Atlantic Meridional Transect provides a unique platform for UK and international scientists to undertake novel marine research, and
- the world-leading ecosystem modelling expertise at PML is helping to advance understanding of (i) the role of ocean biogeochemistry in climate change and (ii) ecosystem responses to climatic change.

The high quality research undertaken and the scientific understanding generated by PML assist government departments and agencies in their decision-making processes. One of PML's Heads of Science is also the Chief Scientific Advisor to the UK's Marine Management Organisation; a number of PML scientists are members of national committees, such as the Department for Environment, Food & Rural Affairs' (DEFRA) Marine Science Co-ordination Committee and Marine Fisheries Science Advisory Group, the National Ecosystem Assessment Expert Panel and the Research Council UK Energy Programme Advisory Board.

PML also contributes to policy development by way of its research and specific advice. This year PML was the leading author of the UK National Ecosystem Assessment Marine Habitat chapter. PML also contributed to policy consultations from government departments on the "Future of Marine Renewables in the UK" and "Protecting the Arctic".

In addition, PML was commissioned to conduct a review of marine social and economic data and tools as part of the Marine Environmental Data & Information Network (MEDIN) project. The data from the project is being used by policy makers to help them deal with a number of new legislative requirements such as the Marine Strategy Framework Directive, the development of Marine Spatial Plans and the designation of new Marine Protected Areas.

Finally, the quality of PML's research was recognised in a survey carried out by Thomson Reuters in May 2011 and published in the 'Essential Science Indicators' database. The table, which included only two UK research organisations and is based upon the number of citations of highly cited scientific papers, placed PML at number eight in the world.

REPORT OF THE TRUSTEES

2. International Leadership

A specific highlight from the year was the development of PML's partnership with the Korea Ocean Research and Development Institute (KORDI). KORDI approached PML because of its world renowned expertise in modelling and remote sensing. On 1 April 2011 an agreement was signed by KORDI and PML to open a KORDI-PML Science Office; in September 2011 the Director of the joint office took up his role based at PML and there have been various reciprocal visits since, with a number of projects being developed and successfully funded.

A clear indicator of PML's international leadership is its continued success in winning new commissioned research, particularly from the European Commission. Moreover, such success also demonstrates that PML is a partner of choice of other research institutes in Europe, and that PML is able to contribute to and address European policy needs, such as the Marine Strategy Framework Directive (MSFD). This Directive aims to achieve Good Environmental Status in Europe's seas by 2020 and protect more effectively the marine environment across Europe for the long-term benefit of society, which mirrors many aims of PML's Strategy "*Science for Society*".

During the year PML was also successful in obtaining funding through the Grand Challenges Explorations, an initiative created by the Bill & Melinda Gates Foundation that enables researchers worldwide to test unorthodox ideas that address persistent health and development challenges.

PML also hosts the Secretariat of the Partnership for Observation of the Global Oceans (POGO), which itself is a charity and serves as a forum for leaders of major oceanographic institutions around the world to promote global oceanography, particularly the implementation of international and integrated global ocean observing systems. The Executive Director of POGO is an employee of PML.

As is the case at the national level, PML also contributes to wider international policy through scientists' membership of international committees, such as the International Council for the Exploration of the Sea (ICES) (Chairmanship of this body), the ICES Working Group on Biodiversity and the Capacity Building Committee – Group on Earth Observations.

In addition to policy advice, PML co-ordinates and contributes to a number of large national and international projects, all of which map onto its "*Science for Society*" strategy. Below is a small sample of new projects which commenced during the year:-

- ECO₂ – Sub-seabed CO₂ Storage Impact on Marine Ecosystems

This European Commission (EC) funded project aims to establish a framework of best environmental practices to guide the management of offshore CO₂ injection and storage.

- MEDINA

This is another EC project which aims to enhance Northern African countries' monitoring capacity of their coastal areas ecosystems, including fish stocks resources, and consequently their capacity to implement environmental policies, conventions and protocols.

- OPEC – Operational Ecology (Marine Ecosystem Forecasting)

This EC funded project, co-ordinated by PML, aims to develop and evaluate ecosystem forecast tools to help assess and manage the risks posed by human activities on the marine environment, thus improving the ability to predict the "health" of European marine ecosystems.

These projects, and many others undertaken by PML, contribute to greater understanding and better decision-making to look after the ocean's precious resources for society into the future.

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3. Knowledge Exchange

Communicating the results and outcomes of its research and educating society in the widest sense on the importance of the ocean are an important part of PML's remit. Knowledge exchange to PML's numerous stakeholders and beneficiaries is undertaken at various levels. A major step forward for PML in terms of being able to communicate and disseminate its work was the completion of a purpose-built lecture theatre facility. The *Lady Isobel Laing Marine Matters Centre* was opened in October 2011 and the Trustees are grateful for the significant contribution made by the Kirby Laing Foundation to this project.

As well as having an on-site facility, PML scientists travel worldwide to disseminate the results of their research and collaborate with other scientists, participating in conferences and meetings, often as keynote speakers. Examples of such conferences and meetings which took place during the year are:

- World Conference on Marine Biodiversity
- United Nations Framework Convention on Climate Change (UNFCCC) conference, COP17
- International Council for the Exploration of the Seas/North Atlantic Fisheries Organization Symposium on the Variability of the North Atlantic and its Marine Ecosystems
- European Conference on Ecological Modelling
- Benthic Processes in a Globally Changing Environment
- The 6th International Workshop on Marine Environmental Change of the South China Sea
- Towards New Global Governance for the Environment

Other knowledge exchange highlights from the year include the following:

- In June 2011 over 200 international marine scientists came to Plymouth for the 3rd Advances in Marine Ecosystem Modelling Research Symposium, led by PML. The event brought together the world's leading ecosystem modellers from as far away as Tasmania and China.
- As part of the EC funded MEECE (Marine Ecosystem Evolution in a Changing Environment) project co-ordinated by PML, a summer school was held in Turkey in early September attended by 34 students from around the world. The aim of the course was to share with graduate students and young career scientists the recent developments and methodologies in the simulation of marine ecosystems and their response to a changing environment.
- PML contributed during the year to a project funded by the United Nations Food & Agriculture Organization, which involves the development of a Youth Guide and Challenge Badge on Oceans. This work will continue into next financial year.
- On behalf of the UK's Marine Science Co-ordination Committee, PML established "Marine Ripple Effect", providing brief notifications of activities in UK marine science via Twitter and e-alerts, which can be linked back to the source on the project website. Marine Ripple Effect has developed a significant following and has put PML at the heart of marine science communication in the UK.

Promotion of PML's work is important in terms of attracting funding and meeting objectives of disseminating knowledge. Some significant examples of this activity are as follows:-

- The release of the film "Ocean Acidification: connecting science, industry, policy and public" commissioned by the Natural Environment Research Council, at a public meeting at the European Commission in Brussels in May 2011.
- A visit by Richard Benyon MP, Minister of Natural Environment and Fisheries, in February 2012 to learn about PML's cutting edge research and how it can be applied to the challenges of a changing ocean.

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- PML was co-convenor of an important session “Ocean acidification: ecological impacts and societal implications” at the Planet under Pressure conference, held in London in March 2012. The conference focused on solutions to the global sustainability challenge and was the largest gathering of global change scientists leading up to the United Nations Conference on Sustainable Development (Rio+20) to be held in June 2012.

During the year PML was involved in 161 media activities (press releases, interviews, articles), 50 publications and 33 individual events (lectures, talks, exhibitions) aimed at a wider audience than purely scientists. In addition, PML participated with other partners locally in a National Science and Engineering Week interactive science event entitled ‘*Diversity in Motion*’. The overall aim of the event was to use hands-on activities to demonstrate how organisms are perfectly adapted to live in their habitats. The event was attended by 350 school pupils from 8 schools in the Plymouth area and is a good example of PML’s commitment to “*Science for Society*” at all levels.

Specific commitment to providing a learning environment is also demonstrated by PML’s involvement in 37 PhD studentships, hosting PhD students on site funded by the NERC or the Biotechnology and Biological Sciences Research Council BBSRC, or members of its staff acting as supervisors to PhD students. PML also hosted 6 work experience students during the year.

In summary, it has been yet another highly productive year and the Trustees would like to thank the staff for their continued efforts and achievements.

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FINANCIAL REVIEW

Results for the year

Net incoming resources for the year amounted to £305,903 (2011 - £407,536). After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to £360,899 (2011 - £510,854).

Fixed asset additions in the year totalled £2,686,663 and included the purchase of the head lease on the West Hoe site and the completion of the lecture theatre facility there.

Reserves policy

A reserves policy was developed and adopted by PML in its first year of operation and has been subsequently revised, including most recently in July 2011. This 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. As a result of investment in the head lease of its building and in a lecture theatre, free reserves at 31 March 2012 amounted to £1,525,000, which equates to just under 2 months expenditure.

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. During the year the Trustees made the additional designations in respect of strategic appointments: £153,433; fundraising activities: £50,000 and marketing initiatives £26,000.

Bank balances decreased over the year from £3.2m to £2.8m. This figure includes £293k where PML acts as co-ordinator of EC contracts, but yet to be paid over to partners in the contracts.

Principal Funding Sources

Income was derived principally from commissioned research of £5.2m from a variety of customers, including the European Commission, NERC and the European Space Agency, and the NERC Research Programme and National Capability funding, amounting to £4.2m. The 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.

Against a background of declining NERC Research Programme and National Capability funding as a result of the UK government's Comprehensive Spending Review 2010, PML scientists have been successful in terms of winning commissioned research funding. New contracts won during the financial year were valued at £4.1m.

Investment policy

PML's investment policy was reviewed during the year in the light of new Charity Commission guidance on the subject. 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 fund managers operate to a benchmark, but have discretion to vary their asset allocation from that policy, within certain specified ranges.

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The activities and performance of the investment managers are monitored through quarterly reporting to PML's Audit & Finance Committee, which reports to the Trustees.

Trading subsidiary

PML's trading subsidiary, PML Applications Ltd, reported an operating loss of £71k, but generated £175k of income for PML in terms of its payment for PML staff time and overheads on its contracts.

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PLANS FOR FUTURE PERIODS

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

- Achieve at least 125 high quality publications
- Deliver the specific objectives of commissioned research projects
- Launch a fundraising campaign
- Promote engagement with policy makers encouraging national and international exposure

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.

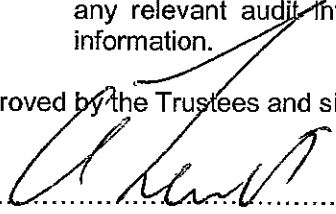
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets 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 2 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.

Approved by the Trustees and signed on their behalf by:


..... (Chairman)

Date:19/07/12.....

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**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 2012 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).

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. 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 2012, 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.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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.



Christopher Bush (Senior Statutory Auditor)
For and on behalf of
Francis Clark LLP
Chartered Accountants and Statutory Auditor
Vantage Point
Woodwater Park
Pynes Hill
Exeter
EX2 5FD

20.7.2012

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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE
ACCOUNT)
YEAR ENDED 31 MARCH 2012**

	Notes	Unrestricted Funds		Restricted	Total	Total
		General	Designated	Funds	2012	2011
		£	£	£	£	£
Income resources						
Incoming resources from charitable activities:						
NERC Oceans 2025 Programme	3	-	-	4,182,207	4,182,207	4,703,270
Research Income		-	-	5,159,740	5,159,740	4,427,158
Deferred income on capital expenditure		-	-	509,972	509,972	498,195
Other income (including share of joint venture)	4	641,048	-	-	641,048	786,487
		<u>641,048</u>	<u>-</u>	<u>9,851,919</u>	<u>10,492,967</u>	<u>10,415,110</u>
Less: Share of income from joint venture		-	-	-	-	(608)
		<u>641,048</u>	<u>-</u>	<u>9,851,919</u>	<u>10,492,967</u>	<u>10,414,502</u>
Incoming resources from generating funds:						
Commercial trading operations	5	752,263	-	-	752,263	1,110,130
Bank interest and investment income		52,226	-	-	52,226	44,631
Total incoming resources		<u>1,445,537</u>	<u>-</u>	<u>9,851,919</u>	<u>11,297,456</u>	<u>11,569,263</u>
Resources expended						
Costs of generating funds:						
Commercial trading activities	5	823,009	-	-	823,009	1,078,217
Investment management costs		11,415	-	-	11,415	4,922
Costs of charitable activities:						
Research activities	6	-	86,733	8,637,539	8,724,272	8,615,225
Management and administration of the charity	7	145,142	-	1,214,380	1,359,522	1,394,445
Governance costs	9	73,335	-	-	73,335	68,918
Total resources expended		<u>1,052,901</u>	<u>86,733</u>	<u>9,851,919</u>	<u>10,991,553</u>	<u>11,161,727</u>
Net incoming resources/(resources expended)		392,636	(86,733)	-	305,903	407,536
Share of gains/(losses) in associate and joint venture	15	(4,040)	-	-	(4,040)	6,423
Net income and expenditure for the year before transfers		<u>388,596</u>	<u>(86,733)</u>	<u>-</u>	<u>301,863</u>	<u>413,959</u>

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2012**

	Notes	Unrestricted Funds		Restricted Funds	Total 2012	Total 2011
		General £	Designated £	£	£	£
Transfers between funds		(229,433)	229,433	-	-	-
Net Incoming resources before other recognised gains/(losses)		159,163	142,700	-	301,863	413,959
Net unrealised gains/(losses) on investments	14	59,036	-	-	59,036	96,895
Net movement in funds		218,199	142,700	-	360,899	510,854
Fund balances brought forward At 31 March 2011		2,310,161	1,246,567	-	3,556,728	3,045,874
Fund balances carried forward At 31 March 2012		2,528,360	1,389,267	-	3,917,627	3,556,728

All of the above results are derived from continuous activities. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises net incoming resources for the year plus share of realised gains/losses in associates and was £301,863 (2011: surplus £413,959).

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

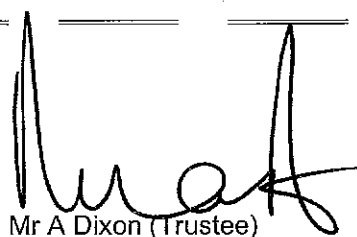
COMPANY NUMBER: 4178503

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2012**

	Notes	Group		Charity	
		2012	2011	2012	2011
	£	£	£	£	£
Fixed assets					
Tangible assets	13	3,767,910	1,702,191	3,757,721	1,684,049
Investments	14	2,452,404	2,360,285	2,552,407	2,460,288
Investment assets – joint ventures:	15				
Share of gross assets		-	22,603	-	-
Share of gross liabilities		-	(4,063)	-	-
		<u>-</u>	<u>18,540</u>	<u>-</u>	<u>-</u>
		<u>6,220,314</u>	<u>4,081,016</u>	<u>6,310,128</u>	<u>4,144,337</u>
Current assets					
Debtors	16	1,508,876	1,803,396	1,504,664	1,770,525
Investments-Short term bank deposit		500,000	-	500,000	-
Cash at bank and in hand		2,389,857	3,321,156	2,320,554	3,193,188
		<u>4,398,733</u>	<u>5,124,552</u>	<u>4,325,218</u>	<u>4,963,713</u>
Creditors: amounts falling due within one year	17	(4,762,027)	(4,637,262)	(4,715,895)	(4,526,793)
Net current assets/(liabilities)		<u>(363,294)</u>	<u>487,290</u>	<u>(390,677)</u>	<u>436,920</u>
Total assets less current liabilities		<u>5,857,020</u>	<u>4,568,306</u>	<u>5,919,451</u>	<u>4,581,257</u>
Creditors: amounts falling due after more than one year	18	(1,939,393)	(1,011,578)	(1,936,079)	(1,001,554)
		<u>3,917,627</u>	<u>3,556,728</u>	<u>3,983,372</u>	<u>3,579,703</u>
Funds					
Unrestricted – general	23	2,528,360	2,310,161	2,594,105	2,333,136
Unrestricted – designated	23	1,389,267	1,246,567	1,389,267	1,246,567
Restricted	23	-	-	-	-
		<u>3,917,627</u>	<u>3,556,728</u>	<u>3,983,372</u>	<u>3,579,703</u>



Mr T Lewis (Chairman)



Mr A Dixon (Trustee)

Date: 19/07/12

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	2011 £
Net cash inflow from operating activities	25(a)	703,065	2,067,322
Returns on investments and servicing of finance			
Bank interest and investment income received		52,226	44,631
Bank interest payable		(20,938)	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets and investments*		(2,719,746)	(355,838)
Capital grants received		621,621	311,724
Acquisitions and Disposals			
Sale of investment in associate		14,500	-
Management of Liquid Resources			
Short term bank deposit		(500,000)	-
Financing			
Net Movement in long term borrowings		917,973	-
(Decrease)/Increase in cash		<u>(931,299)</u>	<u>2,067,839</u>

*Included in payments to acquire tangible fixed assets and investments is a cash outflow of £44,498 (2011 : £42,218) in respect of the purchase of investments (note 14).

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2012 £	2011 £
(Decrease)/increase in cash		(931,299)	2,067,839
Cash inflow from increase in debt financing		(917,973)	-
Cash outflow from increase in liquid resources		500,000	-
Movement in net funds		<u>(1,349,272)</u>	<u>2,067,839</u>
Net funds at 31 March 2011		3,321,156	1,253,317
Net funds at 31 March 2012	25(b)	<u>1,971,884</u>	<u>3,321,156</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

1. Accounting policies

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention except for assets included at revalued amounts. The financial statements have been prepared in accordance with applicable Accounting Standards, the Companies Act 2006 and with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 with the exception that grants in respect of capital expenditure 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 is in line with other similarly funded institutions including Universities.

(b) Group Accounts

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has taken advantage of the Schedule 4(1) of Schedule 1 of the Large and Medium –sized Companies and Groups (Accounts and Reports) 2008 and has adapted the Companies Acts formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

Entities in which the group has a participating interest and over whom the group exercises significant influence are treated as associates or joint ventures. In the group financial statements, associates are accounted for using the equity method and joint ventures under the gross equity method.

(c) Fixed Assets and Depreciation

Capital purchases are only capitalised in the Balance Sheet if their cost is £3,000 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	- 5 to 10 years
Computer equipment	- 3 to 5 years
Software	- 3 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. In accordance with the provisions of FRS 15 paragraph 83, the components of assets with substantially different economic lives are accounted for separately for depreciation purposes and depreciated over their individual useful economic lives.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

1. Accounting policies (continued)

(d) Incoming Resources

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.
- Commissioned 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. 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.

(e) Resources expended

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 Limited.
- 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.

(f) 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.

(g) 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.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

1. Accounting policies (continued)

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(i) Investments

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

(m) Goodwill

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

(n) 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.

(o) Operating leases

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

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

1. Accounting policies (continued)

(p) Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

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. Charitable income

	2012	2011
	£	£
NERC Oceans 2025 Programme	4,182,207	4,703,270
	<u> </u>	<u> </u>

The above includes funding for National Capability, Research Programme and support for pension and library costs.

4. Other income

	2012	2011
	£	£
Reimbursements	116,614	190,879
VAT recoverable (due to partial exemption)	23,676	19,221
Rents receivable	3,840	3,744
POGO –charges for secretariat services	80,000	80,000
Globec income	-	20,901
Marine Biological Association – charge for infrastructure	151,772	151,772
Roberts skill funds	-	19,626
Doctoral training grants	219,686	248,082
Share of income from joint venture	-	608
Others	45,460	51,654
	<u>641,048</u>	<u>786,487</u>
	<u> </u>	<u> </u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

5. Commercial trading operations

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

Summary profit and loss account

	2012	2011
	£	£
Turnover	749,757	1,101,376
Cost of sales and administrative expenses	(823,009)	(1,078,217)
Other income, including interest receivable	2,506	8,754
Profit on sale of investment in associate	4,692	-
Gift aid donation	32,016	(33,512)
Net (loss)/profit	<u>(34,038)</u>	<u>(1,599)</u>
Corporation tax	-	-
Retained (loss)/profit in the subsidiary	<u><u>(34,038)</u></u>	<u><u>(1,599)</u></u>

The assets and liabilities of the subsidiary were:

Fixed assets	10,194	27,955
Current assets	246,887	358,497
Current liabilities	(219,505)	(308,128)
Creditors: amounts falling due after more than one year	(3,314)	(10,024)
Total net assets	<u>34,262</u>	<u>68,300</u>
Aggregate share capital and reserves	<u><u>34,262</u></u>	<u><u>68,300</u></u>

6. Charitable expenditure – research activities

	2012	2011
	£	£
Wages and salaries to research staff	4,746,634	4,689,727
Recurrent costs:		
Science	2,088,576	1,705,900
Science support	1,300,965	1,694,780
Depreciation	588,097	524,818
	<u>8,724,272</u>	<u>8,615,225</u>
Split: General Unrestricted Funds	86,733	53,433
Restricted Funds	8,637,539	8,561,792
	<u><u>8,724,272</u></u>	<u><u>8,615,225</u></u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

7. Management and administration of the charity

	2012	2011
	£	£
Senior management and administrative salaries, wages and employee costs	937,710	995,199
Administration costs	421,812	399,246
Market research and advertising	-	-
	<u>1,359,522</u>	<u>1,394,445</u>
Split: General Unrestricted Funds	145,142	327,614
Restricted Funds	1,214,380	1,066,831
	<u>1,359,522</u>	<u>1,394,445</u>

8. Staff costs

	2012	2011
	£	£
Wages and salaries	4,995,635	5,049,052
Social security costs	484,419	467,612
Other pension costs	664,153	707,530
	<u>6,144,207</u>	<u>6,224,194</u>

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

	2012	2011
	No	No
Permanent staff : Science and support	122	122
Senior management and administration	25	25
	<u>147</u>	<u>147</u>
Temporary staff	6	6
	<u>153</u>	<u>153</u>

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

	2012	2011
	No	No
£60,000-£69,999	6	3
£70,000-£79,999	-	4
£80,000-£89,999	2	-
£100,000-£109,999	1	1

For the above staff £88,044 (2011 : £89,557) was paid into pension schemes.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

9. Governance costs

	2012	2011
	£	£
External audit – Charity	15,300	14,400
Board of Trustees', sub-committee and associated meetings	21,796	16,540
Strategic management	30,242	31,286
Statutory accounts	5,997	6,692
	<u>73,335</u>	<u>68,918</u>

10. Net incoming resources

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

	2012	2011
	£	£
Auditors' remuneration (group) – audit	15,300	14,400
– other – taxation and grant audits etc	15,086	8,115
Depreciation of owned fixed assets	618,784	556,923
Operating lease rental – land and buildings	14,193	11,000
Deferred grants released	(517,263)	(505,486)
Net gains/(losses) on foreign currency transactions	(22,813)	(12,058)
	<u> </u>	<u> </u>

(b) Trustees emoluments

No emoluments have been paid to the Trustees during the year.

Trustees expenses amounting to £15,485 (2011: £12,160) were reimbursed during the year

11. 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.

	2012	2011
	£	£
Corporation tax for PML Applications Limited	-	-
	<u> </u>	<u> </u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

12. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2011	8,911
Less written off during the year	(8,911)
At 31 March 2012	<u>-</u>
Amortisation	£
At 1 April 2011	8,911
Less written off during the year	(8,911)
At 31 March 2012	<u>-</u>
Net Book Value	
At 31 March 2011 and 2012	<u>-</u>

13. Tangible fixed assets

Group	Leasehold Land and Buildings	Plant and Scientific Equipment	Ships and Vehicles	Total
	£	£	£	£
Cost				
At 31 March 2011	6,818	4,995,567	731,049	5,733,434
Additions	2,269,468	364,587	52,608	2,686,663
Disposals and assets written off	-	(131,123)	(13,319)	(144,442)
At 31 March 2012	<u>2,276,286</u>	<u>5,229,031</u>	<u>770,338</u>	<u>8,275,655</u>
Depreciation				
At 31 March 2010	18	3,785,605	245,620	4,031,243
Charge for the year	70,019	510,499	38,266	618,784
Disposals and assets written off	-	(131,123)	(11,159)	(142,282)
At 31 March 2012	<u>70,037</u>	<u>4,164,981</u>	<u>272,727</u>	<u>4,507,745</u>
Net book amounts				
At 31 March 2012	<u>2,206,249</u>	<u>1,064,050</u>	<u>497,611</u>	<u>3,767,910</u>
At 31 March 2011	<u>6,800</u>	<u>1,209,962</u>	<u>485,429</u>	<u>1,702,191</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

13. Tangible fixed assets (continued)

Charity

	Leasehold Land and Buildings	Plant and Scientific Equipment	Ships and Vehicles	Total
	£	£	£	£
Cost				
At 31 March 2011	6,818	4,964,202	731,049	5,702,069
Additions	2,269,468	364,587	52,608	2,686,663
Disposals and assets written off	-	(131,123)	(13,319)	(144,442)
At 31 March 2012	<u>2,276,286</u>	<u>5,197,666</u>	<u>770,338</u>	<u>8,244,290</u>
Depreciation				
At 31 March 2011	18	3,772,382	245,620	4,018,020
Charge for the year	70,019	502,546	38,266	610,831
Disposals and assets written off	-	(131,123)	(11,159)	(142,282)
At 31 March 2012	<u>70,037</u>	<u>4,143,805</u>	<u>272,727</u>	<u>4,486,569</u>
Net book amounts				
At 31 March 2012	<u>2,206,249</u>	<u>1,053,861</u>	<u>497,611</u>	<u>3,757,721</u>
At 31 March 2011	<u>6,800</u>	<u>1,191,820</u>	<u>485,429</u>	<u>1,684,049</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

14. Investments		
Group and Charity		Investments
		£
Market value at 31 March 2011		2,360,285
Additions		44,498
Disposals		(11,415)
Unrealised gains		59,036
		<u>2,452,404</u>
		£
Historical cost at 31 March 2012		2,109,943
		<u>2,076,680</u>
Charity		
		Investment in subsidiary and associate undertakings
		£
Cost		
At 31 March 2011 and 2012		100,003
		<u>100,003</u>
Net book value		
At 31 March 2011 and 2012		100,003
		<u>100,003</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

14. Investments (continued)

The subsidiary and associate undertakings at 31 March 2012 were:

Name of company	Country of Incorporation	Nature of business	Proportion of shares held Ordinary Shares
PML Applications Limited	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	50%

(*) 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.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

15. Joint venture

Group

**Proportion of
Shares held**

i) BioPartner AS – registered in Norway 50%

The shareholding was disposed of as at 24 June 2011 for proceeds of £14,500.
This created a loss on disposal of £4,040 as follows:

Net assets at 24 June 2011	18,540
Less sale proceeds	14,500
Loss on disposal	<u>4,040</u>

The group's interest in the results for 2011 were:

	2011
	£
Gross incoming resources	608
Costs of generating funds	(3,142)
Net results	<u>(2,534)</u>
Current assets	
Bank and cash	22,440
Debtors	163
	<u>22,603</u>
Creditors – amounts falling due within one year	(4,063)
	<u>18,540</u>

ii) Share of profits/(losses) in joint venture

	2011
	£
Realised losses	(2,534)
Restatement of net assets as at 1 April 2010	8,957
	<u>6,423</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

16. Debtors

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	158,674	504,043	110,256	422,201
Amounts owed by subsidiary undertaking and associates	-	-	102,534	126,465
Accrued income	1,020,876	1,044,578	972,602	971,581
Other debtors	5,535	20,978	5,288	20,812
VAT	7,230	-	7,230	-
Prepayments	316,561	233,797	306,754	229,466
	<u>1,508,876</u>	<u>1,803,396</u>	<u>1,504,664</u>	<u>1,770,525</u>

17. Creditors : amounts falling due within one year

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Trade creditors	714,130	398,795	709,809	376,019
Amounts owed to subsidiary undertaking and associates	-	-	70,837	64,816
Other creditors	259,035	450,060	259,036	450,061
Deferred income	2,514,628	2,607,228	2,458,966	2,526,462
Deferred capital grants (note 19)	593,847	589,295	587,137	582,004
Accruals	414,963	370,361	388,928	341,738
Loans (note 20)	89,964	-	89,964	-
PAYE and other taxes	162,024	167,036	151,218	153,276
VAT	13,436	54,487	-	32,417
	<u>4,762,027</u>	<u>4,637,262</u>	<u>4,715,895</u>	<u>4,526,793</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

18. Creditors : amounts falling due after more than one year

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Deferred capital grants (note 19)	1,111,384	1,011,578	1,108,070	1,001,554
Loans (note 20)	828,009	-	828,009	-
	<u>1,939,393</u>	<u>1,011,578</u>	<u>1,936,079</u>	<u>1,001,554</u>

19. Deferred capital grants

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Amounts to be released:				
Within one year	593,847	589,295	587,137	582,004
In two to five years	667,446	750,588	664,132	740,564
In over five years	443,938	260,990	443,938	260,990
	<u>1,705,231</u>	<u>1,600,873</u>	<u>1,695,207</u>	<u>1,583,558</u>

Deferred capital grants are analysed as follows:-

Current obligations (note 17)	593,847	589,295	587,137	582,004
Non-current obligations (note 18)	1,111,384	1,011,578	1,108,070	1,001,554
	<u>1,705,231</u>	<u>1,600,873</u>	<u>1,695,207</u>	<u>1,583,558</u>

Analysis of changes in deferred capital grants during the year:

At 31 March 2011	1,600,873	1,794,635	1,583,558	1,770,029
Received during the year	621,621	311,724	621,621	311,724
Released during the year	(517,263)	(505,486)	(509,972)	(498,195)
At 31 March 2012	<u>1,705,231</u>	<u>1,600,873</u>	<u>1,695,207</u>	<u>1,583,558</u>

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

20. Loans

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Bank Loans are analysed as follows:-				
Current obligations (note 17)	89,964	-	89,964	-
Non-current obligations (note 18)	828,009	-	828,009	-
	<u>917,973</u>	<u>-</u>	<u>917,973</u>	<u>-</u>
Amounts repayable				
Within one year	89,964	-	89,964	-
In two to five years	359,856	-	359,856	-
In over five years	468,153	-	468,153	-
	<u>917,973</u>	<u>-</u>	<u>917,973</u>	<u>-</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. An arrangement fee of £10,000 was payable by Plymouth Marine Laboratory to the Bank.

21. 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.

22. Other financial commitments

At 31 March 2012 the charity had annual commitments under non-cancellable operating leases as set out below:-

	Land & Buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire:				
Within 1 year	-	11,000	6,631	3,518
In two to five years	19,157	-	18,529	7,906
Over 5 years	-	-	936	-
	<u>19,157</u>	<u>11,000</u>	<u>26,096</u>	<u>11,424</u>

At 31 March 2012 the charity had outstanding forward currency contracts amounting to £411,049. Using the year end spot rate, the valuation of the contracts was £417,153.

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

23. Statement of funds

Group	Balance at	Movement in resources		Transfer	Balance at
	31.03.11	incoming	outgoing		31.03.12
	£	£	£	£	£
Unrestricted funds – general	2,310,161	1,500,533	(1,052,901)	(229,433)	2,528,360
Unrestricted funds – designated					
- Strategic appointments	146,567	-	(46,190)	153,433	253,810
- Lecture theatre	500,000	-	(16,543)	-	483,457
- Head lease	600,000	-	(24,000)	-	576,000
- Fundraising activities	-	-	-	50,000	50,000
- Marketing	-	-	-	26,000	26,000
	<u>1,246,567</u>	<u>-</u>	<u>(86,733)</u>	<u>229,433</u>	<u>1,389,267</u>
Restricted funds	-	9,851,919	(9,851,919)	-	-
Total funds	<u>3,556,728</u>	<u>11,352,452</u>	<u>(10,991,553)</u>	<u>-</u>	<u>3,917,627</u>

Charity	Balance at	Movement in resources		Transfer	Balance at
	31.03.11	incoming	outgoing		31.03.12
	£	£	£	£	£
Unrestricted funds – general	2,333,136	752,310	(261,908)	(229,433)	2,594,105
Unrestricted funds – designated					
- Strategic appointments	146,567	-	(46,190)	153,433	253,810
- Lecture theatre	500,000	-	(16,543)	-	483,457
- Head lease	600,000	-	(24,000)	-	576,000
- Fundraising activities	-	-	-	50,000	50,000
- Marketing	-	-	-	26,000	26,000
	<u>1,246,567</u>	<u>-</u>	<u>(86,733)</u>	<u>229,433</u>	<u>1,389,267</u>
Restricted funds	-	9,851,919	(9,851,919)	-	-
Total funds	<u>3,579,703</u>	<u>10,604,229</u>	<u>(10,200,560)</u>	<u>-</u>	<u>3,983,372</u>

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

24. Analysis of group net assets between funds

	Unrestricted General	Unrestricted Designated	Restricted Funds	Total
	£	£	£	£
Tangible fixed assets	2,708,453	1,059,457		3,767,910
Investments	1,063,137	1,389,267	-	2,452,404
Investment assets – joint ventures	-	-	-	-
Net current assets	(363,294)	-	-	(363,294)
Long term liabilities	(1,939,393)	-	-	(1,939,393)
	<u>1,468,903</u>	<u>2,448,724</u>	<u>-</u>	<u>3,917,627</u>

25. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Net incoming resources for the year	305,903	407,536
Depreciation	618,784	556,923
Deferred government grants released	(517,263)	(505,486)
Decrease/(increase) in debtors	294,520	(374,059)
Increase in creditors	30,249	2,027,039
Bank interest and investment income receivable	(52,226)	(44,631)
Bank interest payable	20,938	-
Loss on disposal of fixed assets	2,160	-
Net cash inflow from operating activities	<u>703,065</u>	<u>2,067,322</u>

(b) Analysis of net funds

	At 31 March 2011	Cash flow	At 31 March 2012
	£	£	£
Cash at bank and in hand	3,321,156	(931,299)	2,389,857
Liquid resources-short term deposits	-	500,000	500,000
Loans	-	(917,973)	(917,973)
	<u>3,321,156</u>	<u>(1,349,272)</u>	<u>1,971,884</u>

26. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £30,324 for the Charity and Group (2011 : £42,259 for Charity and Group).

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2012**

27. Related party transactions

The charity has taken advantage of the exemption under FRS8 not to disclose intra-group transactions with its subsidiary, Plymouth Marine Laboratory is the parent company of PML Applications.

28. 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 Scottish Life. Contributions for the year were employer's 6.5% and employees 3.5%.

