



**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

Company registration number: 4178503

CONTENTS

| | Page |
|--|-------------|
| Report of the Trustees | |
| Objectives and Activities | 2 |
| Strategic Report | 3 |
| • Achievements and Performance | 3 |
| • Financial Review | 6 |
| • Principal Risks & Uncertainties | 6 |
| • Plans for Future Periods | 7 |
| Structure Governance and Management | 7 |
| Reference and Administrative Details | 10 |
| Report of the Auditors | 12 |
| Consolidated Statement of Financial Activities | 15 |
| Consolidated and Charity Balance Sheets | 16 |
| Consolidated Statement of Cash Flows | 17 |
| Notes forming part of the financial statements | 18 |

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

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 2018. 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 CO₂, 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", as well as relevance to the UK government's 25 year Environment Plan, all of which are aimed at a sustainable future for our planet and hence 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:

- Increase funding success across Research Councils
 - Deliver key objectives of charitable fundraising strategy
 - Produce high quality publications
 - Manage and deliver PML component of the Natural Environment Research Council's (NERC) National Capability programme
-

REPORT OF THE TRUSTEES (incorporating Strategic Report)

- Deliver upgrade of infrastructure

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 2017-18 include:

| Objective | Achievement |
|--|---|
| Increase funding success across Research Councils | Success was achieved, particularly under the Research Councils’ Grand Challenges Research Fund, where PML is leading a major capacity building programme (£6.6M) of partners in the UK and in South East Asia (see also under Competitive Research). PML was also successful in a new India-UK funding stream, focused on improving water quality. |
| Deliver key objectives of charitable fundraising strategy | PML was successful in winning a grant from the Simons Foundation (\$1.25M) to improve how the information from satellites can be applied to further develop computer models, which are used to predict future ocean conditions. PML has also had some success with other foundations, and has developed relationships with other NGOs, such as WWF. |
| 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, and providing science in support of the UK’s international development agenda. |
| Produce high quality publications | 167 (peer-reviewed) publications for calendar year 2017 (2016:152), which is a record level . Reach (download) of publications by readers in countries across the world. |
| Deliver upgrade of infrastructure | PML was successful in securing NERC funding of £5M towards an upgrade of PML’s building. Together with £400k invested by PML, this upgrade will deliver state-of-the-art facilities to support PML’s world-leading research. The project will be completed in the next financial year. |

PML was pleased to learn of success in achieving Bronze level Athena SWAN accreditation, which reflects PML’s approach to equality and diversity.

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.

REPORT OF THE TRUSTEES (incorporating Strategic Report)

(1) High Quality Research

During the calendar year 2017 PML scientists produced a record total for PML of 202 publications (175 in 2016), 167 of which were peer reviewed papers (another record), and 74 of which were first authored. Moreover, there were 62 mentions of PML research papers in policy documents over the same calendar year, including publications by the UK government and by the United Nations Food & Agriculture Organization.

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 <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 (NC) work undertaken by PML provides excellent, effective and high impact activities that benefit the UK and beyond. Funding was secured for an overseas NC programme - Addressing Challenges of Coastal Communities through Ocean Research for Developing Economies (ACCORD) - where PML is working with the National Oceanography Centre and partners in South East Asia and the Western Indian Ocean to increase understanding of the mechanisms and processes that determine the potential sensitivity or resilience of marine ecosystems to both globally and locally induced environmental change.

Competitive Research

During the year PML was successful in winning new contracts amounting to £8.8M, a record for contracts won in a year. A further £2.5M of proposals have been successful and are awaiting contract.

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

- **Blue Communities:** to support the development, implementation and ongoing management of initiatives that promote the sustainable use of marine resources by multiple users, whilst protecting the fragile marine ecosystems and supporting the livelihoods food security, health and well-being of the people in coastal communities of South East Asia.
- **Multiscale Observation Networks for Optical monitoring of Coastal waters, Lakes and Estuaries (MONOCLE):** an EU Horizon 2020 funded project with 12 partners across Europe, to create sustainable solution for essential environmental monitoring in inland and transitional water bodies.
- **Sustainable Oceans, Livelihoods & food Security Through Increased Capacity in Ecosystem research in the Western Indian Ocean (SOLSTICE-WIO):** PML is a partner in this project which aims to strengthen capacity in the Western Indian Ocean to address challenges of food security and sustainability of livelihoods of the 60 million people dependent on the region's marine ecosystems.

(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/Our_impact

REPORT OF THE TRUSTEES (incorporating Strategic Report)

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 continuing to collaborate with other institutes, NGOs, charities and foundations in developing countries across the world and, in particular, in South East Asia and the Western Indian Ocean. PML's involvement in the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA) has provided an excellent platform for working this region.

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:

- the United Nations (UN) Ocean Conference, New York, focused on Sustainable Development Goal 14 (SDG14) – Life below Water
- the United Nations Framework Convention on Climate Change Conference of the Parties 23 (UNFCCC COP23), Bonn – PML's role in highlighting ocean and climate issues at COP meetings since 2009 was acknowledged publicly by the Head of the International Oceanographic Commission/UN Educational Scientific & Cultural Organization (UNESCO), and others
- the Plastic & Ocean Platform
- the Ocean Sciences meeting (global)

PML was delighted to host a visit by Her Royal Highness, the Princess Royal in July 2017, who was given a tour of the laboratory, highlighting our research and meeting scientists and operational staff.

Stakeholder engagement is also important to PML and this is undertaken at the corporate and project level. High level visitors to PML during the year included Thérèse Coffey, Parliamentary under Secretary of State, Defra; the Chief Executive of the Marine Management Organization; local MP Luke Pollard, and an Indian scientific delegation organised by the British High Commission. PML also organised and participated in events such as the Advances in Marine Ecosystem Modelling Research conference, and the Oil Spill Response Limited's annual Industry Technical Advisory Committee.

Communicating PML's research through various channels to a wider audience is an important aspect of PML's role and PML's Communications Group engages in social media, and produces regular news articles for the PML website, press releases covering a range of topics, newsletters, videos and an Annual Review. During the year PML also produced a film providing an overview of its activities, which has had a significant number of views. All of these communication materials can be found on our website at www.pml.ac.uk. PML scientists also participated in various films produced by external companies, including Blue Planet II.

(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 2017 PML welcomed five new PhD students to PML, adding to a cohort of existing students and visiting researchers.

PML was also able to offer a third Modern Apprenticeship, which started in September 2017 for a two year period. One of PML's existing apprentices won her college's Apprentice of the Year award.

REPORT OF THE TRUSTEES (incorporating Strategic Report)

Wider educational activities have included running ocean colour training courses and involvement and in various material available on-line.

For further details on PML activities and achievements for the calendar year 2017, please see our Annual Review at <http://pml.ac.uk/AR2017>

The Trustees recognise the significant 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 income for the year amounted to £69k (2017 net expenditure £89k). After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to an income of £127k (2017: income - £437k). The total funds carried forward remain in a net asset position of £5,252k (2017: funds carried forward - £5,125k). 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 Framework programmes provide 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 6 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.

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

Bank balances increased over the year from £1.4m to £1.8m. No funds were held for partners, e.g. where PML acts as co-ordinator of EC contracts.

(3) Principal Funding Sources

Income was derived principally from competitive research of £8.1m (2017: £6m) from a variety of customers, (including NERC, the Research Councils UK, and European Commission), and the NERC National Capability funding, amounting to £3.3m (2017: £3.2m). 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 £6.3m (2017: £5.1m), with a further £2.1m under negotiation/successful. In addition the year saw a record level of proposal submissions, as well as success with non-traditional sources of income, e.g. foundations/charities, including the Simon's Foundation.

(4) Investment policy

PML's investment policy was reviewed in March 2018, 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 £62k (2017: £43k), and generated £362k (2017: £87k) 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:-

- Ensure scientific excellence
- Maximise the impact of our research
- Complete upgrade of infrastructure/building refurbishment
- Deliver new business management system
- Achieve ISO 45001 (Health & Safety) certification

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 Companies Act. Members of the charity comprise serving Trustees and the serving Chief Executive. Hence,

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

there are currently ten 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

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 the Charity Governance Code - 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 summer of 2017 with results reviewed. It was agreed that evaluation of Board performance would be undertaken annually in future in accordance with the Charity Governance Code 2017.

Charity Governance Code 2017

The Board received external training on the new Charity Governance Code 2017 during the year and reviewed how it operated against each of the Principles contained within the Code. PML fares very well in its application of the Code.

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 89% (2017: 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

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

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 Godefroy (Chair), Mr Sherrard and Mr Buckland (from 25 October 2017).

- **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 (Chair), and Baroness Watkins (from December 2017).
- **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 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. From 1 April 2018 NERC became part of UK Research and Innovation (UKRI), a new organisation that brings together the UK's seven research councils, Innovate UK and Research England. A staff loan agreement signed in 2002 as part of the transfer of ownership process from NERC to PML, which covers NERC staff who work for PML, has now been novated to UKRI, with NERC employees having been transferred to UKRI.

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 Partnership for Ocean Prediction (and predecessor) since 2008. Partners comprise the Centre for Environment, Fisheries and Aquaculture Science, PML, the Met Office and the National Oceanography Centre. 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 eight years, providing accommodation and staffing for the secretariat under a formal agreement. Since February 2017 POGO became a Charitable Incorporated Organisation in the UK.

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.

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

Of the remaining senior staff (members of the Senior Management Team), four are UKRI-NERC employees on loan to PML, as described under related parties, and hence fall under UKRI-NERC pay policies. Where a member of the Senior Management Team is a PML employee, remuneration is reviewed by the Remuneration Committee (see above) as part of the entire PML workforce's remuneration, 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 J Burnell-Nugent KCB, CBE – Chairman

N B Buckland OBE – appointed 25 October 2017

N J Godefroy

Prof. T D Jickells

Prof. R F Rayner

S P Sherrard DL

J E Timberlake

Prof. B B Ward

The Baroness Watkins of Tavistock

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) – until 31 March 2018

B K Tremain (Company Secretary)

C Turner (Interim Director of Finance) – from 1 April 2018

Prof. S Widdicombe (Head of Science)

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

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

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;
- observe the methods and principles of the Charities SORP;
- 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 are sufficient to show and explain the charitable company's transactions and 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 10 was approved by the Trustees and signed on their behalf by:

..... (Chairman)

Admiral Sir James Burnell-Nugent KCB, CBE

Date: 2018

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

Opinion

We have audited the financial statements of Plymouth Marine Laboratory (the 'parent charity') and its subsidiaries ("the Group") for the year ended 31 March 2018, which comprise the Group Statement of Financial Activities, Group and company balance sheets, Group cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Charities SORP Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2018 and of the group profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Report of the Trustees (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Report of the Trustees (incorporating the Strategic Report).

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, 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities [page 11], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark Statutory Auditor
North Quay House, Sutton Harbour, Plymouth, Devon, PL4 0RA

Date:.....

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

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

YEAR ENDED 31 MARCH 2018

| | Notes | Unrestricted Funds | | Restricted Funds | Total 2018 | Total 2017 |
|---|-------|--------------------|------------|------------------|------------|------------|
| | | General | Designated | £'000 | £'000 | £'000 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income from: | | | | | | |
| Charitable activities: | | | | | | |
| <i>Research and related activities</i> | 3 | 418 | - | 12,041 | 12,459 | 10,260 |
| Other trading activities | | | | | | |
| <i>Commercial trading operations</i> | 4 | 652 | - | - | 652 | 336 |
| Investments | | | | | | |
| <i>Bank interest and investment income</i> | | 88 | - | - | 88 | 85 |
| Total income | | 1,158 | - | 12,041 | 13,199 | 10,681 |
| Expenditure on: | | | | | | |
| Raising funds: | | | | | | |
| <i>Commercial trading activities</i> | 4 | 299 | - | - | 299 | 211 |
| Charitable activities: | | | | | | |
| <i>Research and related activities</i> | 5 | 703 | 62 | 12,041 | 12,806 | 10,537 |
| Other | | | | | | |
| <i>Investment management costs</i> | | 25 | - | - | 25 | 22 |
| Total Expenditure | | 1,027 | 62 | 12,041 | 13,130 | 10,770 |
| Net (expenditure)/income before transfers | | 131 | (62) | - | 69 | (89) |
| Transfers between funds | 22 | (383) | 383 | - | - | - |
| Net (expenditure)/income before other recognised gains/(losses) | | (252) | 321 | - | 69 | (89) |
| <i>Gains/(losses) on investment assets</i> | 13 | 58 | | | 58 | 526 |
| Net movement in funds | | (194) | 321 | | 127 | 437 |
| <i>Reconciliation of funds:</i> | | | | | | |
| Total funds brought forward | | 1,525 | 3,600 | - | 5,125 | 4,688 |
| Total funds carried forward | | 1,331 | 3,921 | - | 5,252 | 5,125 |

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

COMPANY NUMBER: 4178503

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2018**

| | Notes | Group | | Charity | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Fixed assets | | | | | |
| Tangible assets | 10&11 | 5,905 | 4,713 | 5,900 | 4,707 |
| Intangible assets | 12 | 381 | 121 | 381 | 121 |
| Investments | 13 | 3,572 | 3,453 | 3,672 | 3,553 |
| | | <u>9,858</u> | <u>8,287</u> | <u>9,953</u> | <u>8,381</u> |
| Current assets | | | | | |
| Debtors | 14 | 3,745 | 3,375 | 3,584 | 3,317 |
| Investments-Short term bank deposit | 15 | 1,556 | 354 | 1,556 | 354 |
| Cash at bank and in hand | 15 | 1,840 | 1,392 | 1,737 | 1,197 |
| | | <u>7,141</u> | <u>5,121</u> | <u>6,877</u> | <u>4,868</u> |
| Creditors: amounts falling due within one year | 16 | (6,746) | (5,743) | (6,596) | (5,543) |
| Net current (liabilities)/assets | | <u>395</u> | <u>(622)</u> | <u>281</u> | <u>(675)</u> |
| Total assets less current liabilities | | <u>10,253</u> | <u>7,665</u> | <u>10,234</u> | <u>7,706</u> |
| Creditors: amounts falling due after more than one year | 17 | (5,001) | (2,540) | (5,001) | (2,540) |
| | | <u>5,252</u> | <u>5,125</u> | <u>5,233</u> | <u>5,166</u> |
| Funds | | | | | |
| Unrestricted – general | 22 | 1,331 | 1,525 | 1,312 | 1,566 |
| Unrestricted – designated | 22 | 3,921 | 3,600 | 3,921 | 3,600 |
| Restricted | 22 | - | - | - | - |
| | | <u>5,252</u> | <u>5,125</u> | <u>5,233</u> | <u>5,166</u> |

The charitable company had a net movement in funds for the financial year of £67k (2017: £397k).

The financial statements on pages 15-38 were approved by the Trustees and authorised for issue on..... and signed on their behalf by:

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

.....
N J Godefroy
Trustee

Company registration number: 04178503

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

| | Notes | 2018 £'000 | 2017 £'000 |
|---|--------------|-----------------------|-----------------------|
| Cash generated from operating activities | | | |
| <i>Net cash (used in)/provided by operating activities</i> | 24(a) | 766 | (346) |
| <i>Cash flows from investing activities</i> | | | |
| Bank interest and investment income received | | 88 | 85 |
| Payments to acquire fixed assets | | (2,344) | (883) |
| Capital grants received | | 3,230 | 461 |
| Payments to acquire investments | | (61) | (62) |
| Net cash used in investing activities | | <u>913</u> | <u>(399)</u> |
| <i>Cash flows used in financing activities</i> | | | |
| Repayments of long term borrowings | | (143) | (109) |
| Drawdown on long term borrowings | | 125 | 75 |
| Bank interest payable | | (11) | (11) |
| Net cash used in financing activities | | <u>(29)</u> | <u>(45)</u> |
| Change in cash and cash equivalents in the year | | <u>1,650</u> | <u>(790)</u> |
| Cash and cash equivalents brought forward | | <u>1,746</u> | <u>2,536</u> |
| Cash and cash equivalents carried forward | 24(b) | <u><u>3,396</u></u> | <u><u>1,746</u></u> |

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

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 2018**

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 £69k (2017: loss £89k).

(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 | - 10 years |
| Vehicles | - 4 years |
| Ships | - 20 years |
| Leasehold 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 2018

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 2018**

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 2018

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**

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

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

| | 2018 | 2017 |
|--|---------------|---------------|
| | £'000 | £'000 |
| NERC funding (National Capability) | 3,280 | 3,198 |
| Research income | 8,119 | 6,003 |
| Deferred income on capital expenditure | 587 | 528 |
| Funding for restructuring | 55 | 119 |
| Other (*) | 418 | 412 |
| | <u>12,459</u> | <u>10,260</u> |

Within charitable income £12.0m (2017 £9.8m) was attributable to restricted income with the balance of £418k (2017 £412k) being attributable to unrestricted income.

() Other income from charitable activities includes*

| | 2018 | 2017 |
|--|-------------|-------------|
| | £'000 | £'000 |
| Reimbursements | 51 | 38 |
| VAT recoverable (due to partial exemption) | 32 | 27 |
| POGO (**) – charges for secretariat services | 112 | 119 |
| Doctoral training grants | 105 | 142 |
| Others | 118 | 86 |
| | <u>418</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 2018**

4. Commercial trading operations

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

| Summary profit and loss account | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Turnover | 679 | 336 |
| Cost of sales and administrative expenses | (617) | (295) |
| Other income, including interest receivable | - | 2 |
| | <hr/> | <hr/> |
| Operating profit | 62 | 43 |
| Interest payable on loan | (3) | (3) |
| | <hr/> | <hr/> |
| Net profit | 59 | 40 |
| | <hr/> <hr/> | <hr/> <hr/> |
| The assets and liabilities of the subsidiary were: | | |
| Fixed assets | 5 | 6 |
| Current assets | 427 | 377 |
| Current liabilities | (314) | (324) |
| | <hr/> | <hr/> |
| Total net assets/(liabilities) | 118 | 59 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Aggregate share capital and reserves | 118 | 59 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <i>Reconciliation with statement of financial activities (SOFA)</i> | | |
| | 2018 | 2017 |
| | £'000 | £'000 |
| <i>Turnover</i> | | |
| As above | 679 | 336 |
| Less: income from parent charity | (27) | - |
| | <hr/> | <hr/> |
| Per SOFA – Income from other trading activities | 652 | 336 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 2018 | 2017 |
| | £'000 | £'000 |
| <i>Cost of sales and administrative expenses</i> | | |
| As above | 617 | 295 |
| Less: recharged by parent charity | (318) | (84) |
| | <hr/> | <hr/> |
| Per SOFA – Expenditure on raising funds | 299 | 211 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

5. Charitable expenditure – research and related activities

| | 2018 | 2017 |
|--|----------------------|----------------------|
| | £'000 | £'000 |
| Wages and salaries to research staff | 5,049 | 5,098 |
| Recurrent costs: | | |
| Science | 4,397 | 1,964 |
| Science support | 1,083 | 1,063 |
| Depreciation | 892 | 972 |
| Support costs (note 6) | 1,319 | 1,310 |
| Derivatives at fair value through SOFA (note 19) | - | - |
| Loan interest payable | 11 | 11 |
| Restructuring costs | 55 | 119 |
| | <u>12,806</u> | <u>10,537</u> |
| | <u><u>12,806</u></u> | <u><u>10,537</u></u> |
| Split: Designated unrestricted funds | 62 | 208 |
| General unrestricted funds | 703 | 481 |
| Restricted funds | 12,041 | 9,848 |
| | <u>12,806</u> | <u>10,537</u> |
| | <u><u>12,806</u></u> | <u><u>10,537</u></u> |

6. Analysis of support costs

| | 2018 | 2017 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Senior management and administrative salaries, wages and employee costs | 1,023 | 1,075 |
| Administration costs | 238 | 178 |
| Support costs - Governance related (*) | 58 | 57 |
| | <u>1,319</u> | <u>1,310</u> |
| | <u><u>1,319</u></u> | <u><u>1,310</u></u> |

**Support costs – Governance related are analysed as follows:*

| | 2018 | 2017 |
|---|------------------|------------------|
| | £'000 | £'000 |
| External audit – Charity | 18 | 17 |
| Board of Trustees', sub-committee and associated meetings | 9 | 9 |
| Strategic management | 26 | 26 |
| Statutory accounts | 5 | 5 |
| | <u>58</u> | <u>57</u> |
| | <u><u>58</u></u> | <u><u>57</u></u> |

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

7. Staff costs

| | 2018 | 2017 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 5,439 | 5,499 |
| Social security costs | 567 | 576 |
| Other pension costs | 644 | 641 |
| | <u>6,650</u> | <u>6,716</u> |

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

| | 2018 | 2017 |
|--------------------------------------|-------------|-------------|
| | No | No |
| Permanent staff: Science and support | 131 | 134 |
| Senior management and administration | 18 | 17 |
| | <u>149</u> | <u>151</u> |
| Temporary staff | 3 | 5 |
| | <u>152</u> | <u>156</u> |

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

| | 2018 | 2017 |
|-------------------|-------------|-------------|
| | No | No |
| £60,000-£69,999 | 6 | 3 |
| £70,000-£79,999 | 3 | 2 |
| £80,000-£89,999 | 2 | 1 |
| £90,000-£99,999 | - | - |
| £100,000-£109,999 | - | - |
| £110,000-£129,999 | 1 | 1 |

For the above staff £141k (2017: £86k) 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 £541k (2017: £534k).

Trustees expenses amounting to £1k (2017: £2k) were reimbursed during the year.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

8. Net incoming resources

This is stated after charging/(crediting):

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Auditors' remuneration (group) – audit | 18 | 17 |
| – other – taxation and grant audits etc. | 10 | 3 |
| Depreciation of owned fixed assets | 892 | 972 |
| Operating lease rental – land and buildings | 107 | 88 |
| Deferred grants released | (587) | (528) |
| Net (gains)/losses on foreign currency transactions | (8) | (30) |
| Interest paid on loans held at amortised cost | 11 | 11 |
| | <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**

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

10. Fixed assets

Group

| | Leasehold Land and Buildings | Plant and Scientific Equipment | Ships And Vehicles | Total |
|-------------------------|---|---|-----------------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 31 March 2017 | 3,227 | 8,388 | 810 | 12,425 |
| Additions | <u>1,976</u> | <u>108</u> | <u>-</u> | <u>2,084</u> |
| At 31 March 2018 | <u>5,203</u> | <u>8,496</u> | <u>810</u> | <u>14,509</u> |
| Depreciation | | | | |
| At 31 March 2017 | 569 | 6,645 | 498 | 7,712 |
| Charge for the year | <u>109</u> | <u>743</u> | <u>40</u> | <u>892</u> |
| At 31 March 2018 | <u>678</u> | <u>7,388</u> | <u>538</u> | <u>8,604</u> |
| Net book amounts | | | | |
| At 31 March 2018 | <u>4,525</u> | <u>1,108</u> | <u>272</u> | <u>5,905</u> |
| At 31 March 2017 | <u>2,658</u> | <u>1,743</u> | <u>312</u> | <u>4,713</u> |

Included within the net book value of fixed assets are assets in the course of construction of £1.82m which are not depreciated.

Restriction on title and pledged as security.

Freehold property with a carrying amount of £4,525k (2017: £2,658k) has been pledged as security for the bank loans.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

11. Fixed assets

Charity

| | Leasehold Land and Buildings | Plant and Scientific Equipment | Ships And Vehicles | Total |
|-------------------------|---|---|-----------------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 31 March 2017 | 3,227 | 8,349 | 810 | 12,386 |
| Additions | <u>1,976</u> | <u>108</u> | <u>-</u> | <u>2,084</u> |
| At 31 March 2018 | <u>5,203</u> | <u>8,457</u> | <u>810</u> | <u>14,470</u> |
| Depreciation | | | | |
| At 31 March 2017 | 569 | 6,612 | 498 | 7,679 |
| Charge for the year | <u>109</u> | <u>742</u> | <u>40</u> | <u>891</u> |
| At 31 March 2018 | <u>678</u> | <u>7,354</u> | <u>538</u> | <u>8,570</u> |
| Net book amounts | | | | |
| At 31 March 2018 | <u>4,525</u> | <u>1,103</u> | <u>272</u> | <u>5,900</u> |
| At 31 March 2017 | <u>2,658</u> | <u>1,737</u> | <u>312</u> | <u>4,707</u> |

Included within the net book value of fixed assets are assets in the course of construction of £1.82m which are not depreciated.

Restriction on title and pledged as security.

Freehold property with a carrying amount of £4,525k (2017: £2,658k) has been pledged as security for the bank loans.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

| | | |
|------------------------------------|--|--------------------|
| 12. Intangible fixed assets | | |
| Group and Charity | | Intangibles |
| Cost | | £'000 |
| At 31 March 2017 | | 121 |
| Additions | | 260 |
| | | <hr/> |
| At 31 March 2018 | | 381 |
| Net book amounts | | |
| At 31 March 2018 | | 381 |
| | | <hr/> <hr/> |
| At 31 March 2017 | | 121 |
| | | <hr/> <hr/> |

Intangibles relate to software costs and include assets in the course of implementation of £381k which are not being amortised until they are brought into use.

| | | |
|----------------------------------|--|--------------------|
| 13. Investments | | |
| Group and Charity | | Investments |
| | | £'000 |
| Market value at 31 March 2017 | | 3,453 |
| Additions | | 86 |
| Disposals | | - |
| Investment manager fee | | (25) |
| Unrealised gains | | 58 |
| | | <hr/> |
| Market value at 31 March 2018 | | 3,572 |
| | | <hr/> <hr/> |
| Historical cost at 31 March 2018 | | 2,767 |
| | | <hr/> <hr/> |
| Historical cost at 31 March 2017 | | 2,570 |
| | | <hr/> <hr/> |

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

13. Investments (continued)

Charity

| | Investment in subsidiaries £'000 |
|-----------------------|---|
| Cost | |
| At 31 March 2018 | 100 |
| Net book value | |
| At 31 March 2017 | 100 |
| At 31 March 2018 | 100 |

The subsidiary and associate undertakings at 31 March 2018 were:

| Name of company | Country of Incorporation | Nature of business | Proportion of shares held 2018 | Proportion of shares held 2017 |
|---|-------------------------------------|--|---|---|
| | | | Ordinary shares | Ordinary shares |
| PML Applications Ltd | England | Marine research | 100% | 100% |
| Plymouth Marine Science and Technology Park Limited | England | Development of Science Park – currently dormant | 100% | 100% |
| GenePro Ltd (*) | England | Exploitation of intellectual Property – currently dormant | 100% | 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.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

14. Debtors

| | Group | | Charity | |
|---|---------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Trade debtors | 2,188 | 748 | 1,960 | 614 |
| Amounts owed by subsidiary undertaking and associates | - | - | 156 | 125 |
| Accrued income | 1,379 | 2,454 | 1,298 | 2,409 |
| Other debtors | 8 | - | 8 | - |
| Prepayments | 160 | 171 | 152 | 167 |
| Financial Instruments - derivatives at fair value (note 19) | 10 | 2 | 10 | 2 |
| | <u>3,745</u> | <u>3,375</u> | <u>3,584</u> | <u>3,317</u> |

Financial instruments, derivatives at fair value (note 19).

15. Short term investments and cash balances

Included in short term deposits of £1.56m and cash at bank and in hand of £1.84m at 31 March 2018 was £Nil (2017: £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 | |
|---|---------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Trade creditors | 198 | 259 | 194 | 242 |
| Amounts owed to subsidiary undertaking and associates | - | - | 8 | - |
| Other creditors | 240 | 123 | 240 | 123 |
| Deferred income | 3,674 | 3,293 | 3,570 | 3,182 |
| Deferred capital grants (note 18) | 601 | 587 | 601 | 587 |
| Accruals | 1,737 | 1,178 | 1,692 | 1,139 |
| Loans (note 19) | 106 | 105 | 106 | 105 |
| PAYE and other taxes | 190 | 198 | 185 | 165 |
| Financial instruments – derivatives at fair value (note 19) | - | - | - | - |
| | <u>6,746</u> | <u>5,743</u> | <u>6,596</u> | <u>5,543</u> |

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

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

| | Group | | Charity | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Deferred capital grants (note 18) | 4,629 | 2,150 | 4,629 | 2,150 |
| Loans (note 19) | 372 | 390 | 372 | 390 |
| | <u>5,001</u> | <u>2,540</u> | <u>5,001</u> | <u>2,540</u> |

18. Deferred capital grants

| | Group | | Charity | |
|-------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Amounts to be released: | | | | |
| Within one year | 601 | 587 | 601 | 587 |
| In two to five years | 1,351 | 1,463 | 1,351 | 1,463 |
| In over five years | 3,278 | 687 | 3,278 | 687 |
| | <u>5,230</u> | <u>2,737</u> | <u>5,230</u> | <u>2,737</u> |

Deferred capital grants are analysed as follows:-

| | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Current obligations (note 16) | 601 | 587 | 601 | 587 |
| Non-current obligations (note 17) | 4,629 | 2,150 | 4,629 | 2,150 |
| | <u>5,230</u> | <u>2,737</u> | <u>5,230</u> | <u>2,737</u> |

Analysis of changes in deferred capital grants during the year:

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| At 31 March 2017 | 2,737 | 2,804 | 2,737 | 2,804 |
| Received during the year | 3,230 | 211 | 3,230 | 211 |
| Transfer | (150) | 250 | (150) | 250 |
| Released during the year | (587) | (528) | (587) | (528) |
| At 31 March 2018 | <u>5,230</u> | <u>2,737</u> | <u>5,230</u> | <u>2,737</u> |

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

19. Financial instruments

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

a) Loans held at amortised cost

| | Group | | Charity | |
|--------------------------------------|--------------|-------------|----------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans are analysed as follows:- | | | | |
| Current obligations (note 16) | 106 | 105 | 106 | 105 |
| Non-current obligations (note 17) | 372 | 390 | 372 | 390 |
| | <u>478</u> | <u>495</u> | <u>478</u> | <u>495</u> |
| Amounts repayable | | | | |
| Within one year | 106 | 105 | 106 | 105 |
| In two to five years | 372 | 390 | 372 | 390 |
| In over five years | - | - | - | - |
| | <u>478</u> | <u>495</u> | <u>478</u> | <u>495</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 management 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 and has been fully drawn.

b) Forward exchange contracts

At 31 March 2018 the charity had outstanding forward currency contracts amounting to €1,000k and \$150k (2017: €900k). 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 £10k (2017: asset of £1.7k).

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

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 2018 the charity had total commitments under non-cancellable operating leases as set out below:-

| | Land & Buildings | | Other | |
|----------------------|-----------------------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts payable: | | | | |
| Within 1 year | - | 4 | 52 | 49 |
| In two to five years | - | - | 103 | 57 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 4 | 155 | 106 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

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

The amount of non-cancellable operating lease payments recognised as an expense during the year was £82k (2017: £89k).

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

**22. Statement of funds
Group**

| | Balance at 31.03.17 | Movement | | Transfer | Balance at 31.03.18 |
|--|--------------------------------|------------------------------|------------------------|-----------------|--------------------------------|
| | £'000 | Income £'000 | Expenditure £'000 | £'000 | £'000 |
| Unrestricted funds – general | 1,525 | 1,216 | (1,027) | (383) | 1,331 |
| Unrestricted funds – designated | | | | | |
| - Research Fellows | 292 | - | - | 108 | 400 |
| - Lecture theatre | 293 | - | (38) | - | 255 |
| - Head lease | 456 | - | (24) | - | 432 |
| - Scientific facilities (buoy) | 250 | - | - | (250) | - |
| - Refurbishment | 400 | - | - | - | 400 |
| - Leasehold land & buildings | 1,909 | - | - | - | 1,909 |
| - Oceansgate Facility | - | - | - | 100 | 100 |
| - Linux backup | - | - | - | 275 | 275 |
| - Programme Development | - | - | - | 150 | 150 |
| | <u>3,600</u> | <u>-</u> | <u>(62)</u> | <u>383</u> | <u>3,921</u> |
| Restricted funds | - | 12,041 | (12,041) | - | - |
| Total funds | <u>5,125</u> | <u>13,257</u> | <u>(13,130)</u> | <u>-</u> | <u>5,252</u> |
| | <u><u>5,125</u></u> | <u><u>13,257</u></u> | <u><u>(13,130)</u></u> | <u><u>-</u></u> | <u><u>5,252</u></u> |
| Charity | | | | | |
| | Balance at 31.03.17 | Movement in resources | | Transfer | Balance at 31.03.18 |
| | £'000 | Income £'000 | Expenditure £'000 | £'000 | £'000 |
| Unrestricted funds – general | 1,566 | 850 | (721) | (383) | 1,312 |
| Unrestricted funds – designated | | | | | |
| - Research Fellows | 292 | - | - | 108 | 400 |
| - Lecture theatre | 293 | - | (38) | - | 255 |
| - Head lease | 456 | - | (24) | - | 432 |
| - Scientific facilities (buoy) | 250 | - | - | (250) | - |
| - Refurbishment | 400 | - | - | - | 400 |
| - Leasehold land & buildings | 1,909 | - | - | - | 1,909 |
| - Oceansgate Facility | - | - | - | 100 | 100 |
| - Linux backup | - | - | - | 275 | 275 |
| - Programme Development | - | - | - | 150 | 150 |
| | <u>3,600</u> | <u>-</u> | <u>(62)</u> | <u>383</u> | <u>3,921</u> |
| Restricted funds | - | 12,041 | (12,041) | - | - |
| Total funds | <u>5,166</u> | <u>12,891</u> | <u>(12,824)</u> | <u>-</u> | <u>5,233</u> |
| | <u><u>5,166</u></u> | <u><u>12,891</u></u> | <u><u>(12,824)</u></u> | <u><u>-</u></u> | <u><u>5,233</u></u> |

Included in income above is £68k (2017: £526k) relating to gains on investment assets.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

**22. Statement of funds
Group (continued)**

| | Balance at 31.03.16 | Movement | | Transfer | Balance at 31.03.17 |
|--|--------------------------------|-----------------|----------------------|-----------------|--------------------------------|
| | £'000 | Income £'000 | Expenditure £'000 | £'000 | £'000 |
| Unrestricted funds – general | 3,189 | 833 | (188) | (2,309) | 1,525 |
| Unrestricted funds – designated | | | | | |
| - 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> |
| Restricted funds | - | 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 31.03.16 | Movement in resources | | Transfer | Balance at 31.03.17 |
|--|--------------------------------|------------------------------|----------------------|-----------------|--------------------------------|
| | £'000 | Income £'000 | Expenditure £'000 | £'000 | £'000 |
| Unrestricted funds – general | 3,270 | 605 | - | (2,309) | 1,566 |
| Unrestricted funds – designated | | | | | |
| - 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> |
| Restricted funds | - | 9,848 | (9,848) | - | - |
| Total funds | <u>4,769</u> | <u>10,453</u> | <u>(10,056)</u> | <u>-</u> | <u>5,166</u> |

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

23. Analysis of group net assets between funds

| | Unrestricted General | Unrestricted Designated | Total |
|-----------------------|---------------------------------|------------------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Fixed assets | 3,690 | 2,596 | 6,286 |
| Investments | 2,247 | 1,325 | 3,572 |
| Current assets | 7,141 | - | 7,141 |
| Current liabilities | (6,746) | - | (6,746) |
| Long term liabilities | (5,001) | - | (5,001) |
| | <u>1,331</u> | <u>3,921</u> | <u>5,252</u> |

24. Notes to the statement of cash flows

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

| | 2018 | 2017 |
|--|-------------|--------------|
| | £'000 | £'000 |
| Net (expenditure)/income for the year before other recognised gains/(losses) | 69 | (89) |
| Depreciation | 892 | 972 |
| Deferred government grants released | (587) | (528) |
| Decrease/(increase) in debtors | (370) | 12 |
| (Decrease)/Increase in creditors | 839 | (639) |
| Bank interest and investment income receivable | (88) | (85) |
| Bank interest payable | 11 | 11 |
| Net cash (outflow)/inflow from operating activities | <u>766</u> | <u>(346)</u> |

(b) Analysis of cash and cash equivalents

| | 2018 | 2017 |
|---------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cash at bank and in hand | 1,840 | 1,392 |
| Short term bank deposits | 1,556 | 354 |
| Cash and cash equivalents | <u>3,396</u> | <u>1,746</u> |

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2018**

25. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £3,028k for the Charity and Group (2017: £184k 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, PML Applications Ltd.

27. Pension commitments

UKRI-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%.

The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £38k (2017: £36k).

Contributions totalling £644k (2017: £641k) were payable to the scheme at the end of the year.