



**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019**

Company registration number: 4178503

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**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 2019. 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 six 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.
- **Overseas Development Assistance (ODA):** applying interdisciplinary approaches to develop capacity in ODA eligible countries in order to support achievement of the United Nations' (UN) Sustainable Development Goals (SDGs).

Each of these strategic priorities has relevance to at least 8 of the **UN 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:

- Maximise research/funding opportunities
 - Maximise the impact of our research
-

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- Complete upgrade of infrastructure/building refurbishment
- Deliver new business management system
- Achieve certification to ISO 45001 (Health & Safety)

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 2018-19 include:

Objective	Achievement
Maximise research funding opportunities	PML has been successful in obtaining funding from various research opportunities, including from UK Research & Innovation (UKRI) with projects focused on, e.g. (1) water security and (2) pathways of dispersal for cholera and solution tools, and from the EC, e.g. relating to shipping contributions to inland pollution.
Maximise the impact of our research	Scientists from PML, together with colleagues from the Universities of Exeter and Plymouth won two prestigious awards for the impact of their research highlighting the presence, and potential impacts, of microplastics in our oceans and on the life they contain.
Complete upgrade of infrastructure/building refurbishment	The majority of the work of this £5.4M building refurbishment programme was completed in December 2018. New and refurbished state-of-the-art facilities include a Biodiscovery Suite, a Molecular Matrix dedicated to the study and culture of marine organisms, molecular ecology and biotechnology, laboratories to facilitate the investigation of how light and noise pollution affect marine ecosystems, a teaching laboratory, and a Smart Sound laboratory to test and develop scientific sensors and platforms.
Delivery of new business management system	The new system, which integrates information previously held across multiple platforms, went live on 1 April 2019. Further work is needed to provide the necessary management information reporting.
Achieve certification to ISO45001 (Health & Safety)	Good progress has been made in this respect, with policy reviews and introduction of new policies, such as a Critical Incident policy. An increased level of training has been delivered to staff and students, and new systems of management of health and safety introduced within the refurbished and new laboratories. External assessments against ISO45001 criteria are scheduled to take place in April and July 2019.

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.

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

(1) High Quality Research

During the calendar year 2018 PML scientists produced a total of 167 publications, 151 of which were peer reviewed papers, and 53 of which were first authored. The average impact factor of these papers has increased by 2.9% on 2017 publications. Moreover, there were 30 mentions of PML research papers in policy documents over the same calendar year, including publications by the UK government (e.g. the Future of the Sea report) and by overseas bodies such as the Australian Analysis & Policy Observatory, and the Council of Canadian Academies.

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

Providing a National Capability

The UK Research & Innovation (UKRI) Natural Environment Research Council (NERC) funded National Capability (NC) work undertaken by PML provides excellent, effective and high impact activities that benefit the UK and beyond. During the year funding was secured by PML with partners for a major new research programme to investigate the impacts of climate change and human activities on the Atlantic Ocean - CLASS. UKRI through the NERC also confirmed its recommissioning of the NERC Earth Observation Data Acquisition & Analysis Service (NEODAAS) for five years, which provides satellite data to NERC researchers, funded projects and support for fieldwork activities, as well as developing bespoke Earth Observation products.

Competitive Research

During the year PML was successful in winning new contracts amounting to £6m, with a further £968k of proposals having been notified as successful and 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:

- **Pathways & Emissions of climate-relevant Trace gases in a changing Arctic Ocean (PETRA):** this project combines chemical and biological observations with modelling to investigate the impact of three important stressors - ocean acidification, warming waters, and elevated irradiation - on the cycling of key trace gases in the Arctic Ocean which play a large part in controlling our climate.
- **Artificial Light Impacts on Coastal Ecosystems (ALICE):** a UKRI funded project which tackles fundamental gaps in our understanding of marine ecosystem responses to artificial light at night.
- **Pathways Of Dispersal for Cholera And Solution Tools (PODCAST):** working with researchers in India, Japan and the UK this project is investigating the sources and transmission routes of microbial pollution and aims to produce risk maps for cholera outbreaks to help reduce the threat of this waterborne disease to human health.

(2) National & International Standing

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

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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. During the year PML's Prof. Mel Austen was appointed to the UK government's Natural Capital Committee.

For further details see our website at http://www.pml.ac.uk/Research/Our_impact

Awards & Recognition

- PML's microplastics researchers, with colleagues from the Universities of Exeter and Plymouth, were not only winners of the Societal Impact team award category, but overall winners of the NERC Impact Awards 2018. These prestigious national awards are held every 3 years and the team was chosen because of the global impact of its work.
- Other awards included Prof. de Mora receiving the Society for Underwater Technology's Oceanography Award for his contributions to the field of oceanography, and Dr Bob Brewin winning the Remote Sensing Young Investigator award 2018.

Partnerships

PML works with partners worldwide at the project and corporate level. In addition to increasing collaborations 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 was chosen as host of the North-East Atlantic regional hub of the Global Ocean Acidification Observing Network (GOA-ON). The network's purpose is to collaborate on all aspects of ocean acidification, including raising awareness of the challenges ocean acidification brings to the ocean, marine life and subsequently human lives. Further information can be found at https://www.pml.ac.uk/Research/Projects/North_East_Atlantic_hub_of_the_Global_Ocean_Acidif

At the local level there has been a surge of marine science and technology related activities. One initiative is the Marine Business Technology Centre, a project funded by the European Regional Development, involving PML and other partners in Plymouth and the region. The Centre will provide a new and dedicated service to marine businesses to enable them to test and develop new technologies in the waters principally in and around Plymouth Sound.

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 Framework Convention on Climate Change Conference of the Parties 24 (UNFCCC COP24), Poland: PML led an official event, with the UN Secretary General's Special Envoy for the Ocean, and a UK government minister as speakers at this event;
- the East Asian Seas Congress: PML convened sessions relating to the blue economy and satellite observations;
- the Commonwealth Summit Ocean Science session event: PML led on the ocean acidification stand, and
- the Arctic Frontiers conference; the MICRO18, Fate & Impact of Microplastics conference.

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Stakeholder engagement is an important aspect of PML's activities. An example of such engagement was the stakeholder meeting held at the conclusion of a major UK-wide, PML-led project – the Marine Ecosystems Research Programme (MERP). The event in April with policy makers, environmental managers and academics covered the key outputs of the programme which have been produced as a digital interactive showing how the programme has addressed policy questions. See https://marine-ecosystems.org.uk/Research_outcomes/Policy_Interactive

Communicating PML's research through various channels to a wider audience is vital for sharing PML's research and impact. 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. All of these communication materials can be found on our website at www.pml.ac.uk.

PML scientific papers published during this financial year were picked up via Twitter by 3,695 unique tweeters in 111 countries, ranging from Canada to New Zealand, and Chile to Indonesia, and by 117 unique news outlets.

The impact of Blue Planet II, and the public's increasing awareness of the plastics problem in particular meant that filming demands from external organizations increased during the year. PML's science featured in a number of productions including the documentary Plastic Britain, the series Earth Rise, and an ITV news broadcast on World Oceans Day.

PML also worked with the Eden Project and provided material for their Invisible Worlds exhibition. Further collaboration is planned for the summer of 2019.

(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 the autumn of 2018 PML welcomed three new PhD students to PML via the DTPs, and a fourth funded by AXA XL, adding to a cohort of existing students – 33 in total.

The PML Board of Trustees also took the decision during the year to invest funds from its reserves in two postdoctoral research positions, focusing on new areas of research at the boundary between research and innovation.

PML was delighted to have been successful in obtaining funding from the King Baudouin Foundation to provide support for the second year of a Modern Apprentice. PML's other two apprentices completed their apprenticeships with flying colours (including an Apprentice of the Year award), and were taken onto the staff complement.

Wider educational activities have included running ocean colour training courses, a Microplastics training workshop in Peru and involvement with various school activities.

For further details on PML activities and achievements for the calendar year 2018, please see our Annual Review at <http://pml.ac.uk/AR2018>

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 £663k (2018 net income - £69k). After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to an income of £837k (2018: income - £127k). The total funds carried forward remain in a net asset position of £6,089k (2018: funds carried forward - £5,252k).

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 and government decisions on science funding, and also the risk to staffing, as c. 23% of our employees are non UK EU nationals. To mitigate the financial risks, PML has been diversifying its funding base. PML has also supported staff in relation to the EU settlement scheme.

(2) Reserves policy

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

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

Bank balances increased over the year from £1.84m to £3.6m. There were no funds held for partners.

(3) Principal Funding Sources

Income was derived principally from competitive research of £7.7m (2018: £8.1m) from a variety of customers, (including UKRI, the European Commission, the European Space Agency and Simons Foundation), and the UKRI-NERC National Capability funding, amounting to £3.8m (2018: £3.3m). 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 £6m (2018: £6.3m), with a further £968k under negotiation/successful. In addition the year saw the recommissioning by NERC of the NERC Earth Observation Data Acquisition & Analysis Service for five years – a contract worth just over £2M.

(4) Investment policy

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PML's investment policy was reviewed in March 2019, 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 organization 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 £273k (2018: £62k), and generated £634k (2018: £362k) 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 for future growth.

4. FUNDRAISING POLICY

PML's approach to fundraising is to target charitable foundations and trusts, and corporations through their foundations. PML will not embark on fundraising from the general public, whether in person, through events or on-line. Any crowdfunding initiative will only be undertaken as part of a specific fundraising campaign or proposal for research project or capital funds. PML adheres to the Fundraising Code of Practice. In the last year PML has adhered to the requirements of the Code; there have been no complaints received regarding PML's fundraising practices. PML's complaint procedure is available at <https://www.pml.ac.uk/System-pages/Legal>

5. PLANS FOR FUTURE PERIODS

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

- Production of a new strategic plan (2020-2024)
- Prepare and submit evidence for the NERC Research Excellent Framework assessment exercise
- Achieve ISO45001 (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, 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

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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, using a skills matrix to determine needs. 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 is undertaken annually, with the last evaluation carried out in the summer of 2018. Results were reviewed and actions identified and progressed. It was agreed by the Board that an external evaluation of Board performance would be considered in 2020.

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 82.5% (2018: 89%).

Sub-Committees

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

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

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See also below re. Nominations Committee.

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.

The current Chief Executive, Prof. de Mora, notified his intent to retire in September 2019, and a recruitment process for a new Chief Executive is currently underway. This recruitment process is being led by a sub-committee of the Board – the Nominations Committee, comprising the Chairman, Mr Godefroy, Prof. Jickells and Mrs Timberlake.

Related Parties

PML is eligible to bid for funding from UKRI, including from NERC. 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. 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 from 1 April 2018 and who are now classified as UKRI employees.

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

PML has a Memorandum of Understanding with the University of Exeter, a joint appointment, and collaborates on a number of research projects and PhD studentships.

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 Centres and assess performance against objectives set for the year.

Of the remaining senior staff (members of the Senior Management Team), four were UKRI employees on loan to PML, as described under related parties, and hence fall under UKRI 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

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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 are as follows:-

Admiral Sir J Burnell-Nugent KCB, CBE – Chairman

N B Buckland OBE

N J Godefroy

Prof. T D Jickells

Dr B MacKenzie – appointed 25 March 2019

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) – retired 31 March 2019

B K Tremain (Company Secretary)

C Turner (Finance Director)

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

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TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 11 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 11 was approved by the Trustees and signed on their behalf by:

..... (Chairman)

Admiral Sir James Burnell-Nugent KCB, CBE

Date: 2019

**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 2019, 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 2019 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.

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 12], 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.

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.

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

Date:.....

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

YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Funds		Restricted Funds	Total 2019	Total 2018
		General	Designated	£'000	£'000	£'000
		£'000	£'000	£'000	£'000	£'000
Income from:						
Charitable activities:						
<i>Research and related activities</i>	3	426	-	12,101	12,527	12,459
Other trading activities						
<i>Commercial trading operations</i>	4	1,211	-	-	1,211	652
Investments						
<i>Bank interest and investment income</i>		87	-	-	87	88
Total income		1,724	-	12,101	13,825	13,199
Expenditure on:						
Raising funds:						
<i>Commercial trading activities</i>	4	402			402	299
Charitable activities:						
<i>Research and related activities</i>	5	550	84	12,101	12,735	12,806
Other						
<i>Investment management costs</i>		25			25	25
Total Expenditure		977	84	12,101	13,162	13,130
Net (expenditure)/income before transfers		747	(84)	-	663	69
Transfers between funds	22	95	(95)	-	-	-
Net (expenditure)/income before other recognised gains/(losses)		842	(179)	-	663	69
<i>Gains/(losses) on investment assets</i>	13	174	-	-	174	58
Net movement in funds		1,016	(179)	-	837	127
<i>Reconciliation of funds:</i>						
Total funds brought forward		1,331	3,921	-	5,252	5,125
Total funds carried forward		2,347	3,742	-	6,089	5,252

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

COMPANY NUMBER: 4178503

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2019**

	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Tangible assets	10&11	8,989	5,905	8,985	5,900
Intangible assets	12	563	381	563	381
Investments	13	3,105	3,572	3,205	3,672
		<u>12,657</u>	<u>9,858</u>	<u>12,753</u>	<u>9,953</u>
Current assets					
Debtors	14	2,765	3,745	2,662	3,584
Investments-Short term bank deposit	15	366	1,556	362	1,556
Cash at bank and in hand	15	3,610	1,840	2,974	1,737
		<u>6,741</u>	<u>7,141</u>	<u>5,998</u>	<u>6,877</u>
Creditors: amounts falling due within one year	16	(7,258)	(6,746)	(6,908)	(6,596)
Net current (liabilities)/assets		<u>(517)</u>	<u>395</u>	<u>(910)</u>	<u>281</u>
Total assets less current liabilities		<u>12,140</u>	<u>10,253</u>	<u>11,843</u>	<u>10,234</u>
Creditors: amounts falling due after more than one year	17	(6,051)	(5,001)	(6,051)	(5,001)
		<u>6,089</u>	<u>5,252</u>	<u>5,792</u>	<u>5,233</u>
Funds					
Unrestricted – general	22	2,347	1,331	2,050	1,312
Unrestricted – designated	22	3,742	3,921	3,742	3,921
Restricted	22	-	-	-	-
		<u>6,089</u>	<u>5,252</u>	<u>5,792</u>	<u>5,233</u>

The charitable company had a net movement in funds for the financial year of £563k (2018: £67k).

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Cash generated from operating activities			
<i>Net cash (used in)/provided by operating activities</i>	24(a)	2,228	766
<i>Cash flows from investing activities</i>			
Bank interest and investment income received		87	88
Payments to acquire fixed assets		(4,172)	(2,344)
Capital grants received		1,950	3,230
Payments to acquire investments		(58)	(61)
Net cash used in investing activities		<u>(2,193)</u>	<u>913</u>
<i>Cash flows used in financing activities</i>			
Drawdown of investments		700	-
Repayments of long term borrowings		(144)	(143)
Drawdown on long term borrowings		-	125
Bank interest payable		(11)	(11)
Net cash used in financing activities		<u>545</u>	<u>(29)</u>
Change in cash and cash equivalents in the year		<u>580</u>	<u>1,650</u>
Cash and cash equivalents brought forward		<u>3,396</u>	<u>1,746</u>
Cash and cash equivalents carried forward	24(b)	<u><u>3,976</u></u>	<u><u>3,396</u></u>

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

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 2019**

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 £663k (2018: £69k).

(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 2019

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 2019**

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 2019

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.

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

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

	2019	2018
	£'000	£'000
NERC funding (National Capability)	3,519	3,280
Research income	7,713	8,119
Deferred income on capital expenditure	618	587
Funding for restructuring	251	55
Other (*)	426	418
	<u>12,527</u>	<u>12,459</u>

Within charitable income £12m (2018 £12m) was attributable to restricted income with the balance of £426k (2018 £418k) being attributable to unrestricted income.

() Other income from charitable activities includes*

	2019	2018
	£'000	£'000
Reimbursements	59	51
VAT recoverable (due to partial exemption)	42	32
POGO (**) – charges for secretariat services	123	112
Doctoral training grants	140	105
Others	62	118
	<u>426</u>	<u>418</u>

(**) Partnership for Observation of the Global Oceans

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

4. Commercial trading operations

A summary of the trading for the wholly owned trading subsidiary, PML Applications Ltd is shown below. All income and expenditure is classified as unrestricted.

Summary profit and loss account	2019	2018
	£'000	£'000
Turnover	1,310	679
Cost of sales and administrative expenses	(1,037)	(617)
Other income, including interest receivable	-	-
	<u>273</u>	<u>62</u>
Operating profit		
Interest payable on loan	(3)	(3)
	<u>270</u>	<u>59</u>
Net profit		
	<u><u>270</u></u>	<u><u>59</u></u>
The assets and liabilities of the subsidiary were:		
Fixed assets	4	5
Current assets	904	427
Current liabilities	(518)	(314)
	<u>390</u>	<u>118</u>
Total net assets/(liabilities)		
	<u><u>390</u></u>	<u><u>118</u></u>
Aggregate share capital and reserves		
	<u><u>390</u></u>	<u><u>118</u></u>
<i>Reconciliation with statement of financial activities (SOFA)</i>		
	2019	2018
	£'000	£'000
<i>Turnover</i>		
As above	1,310	679
Less: income from parent charity	(99)	(27)
	<u>1,211</u>	<u>652</u>
Per SOFA – Income from other trading activities		
	<u><u>1,211</u></u>	<u><u>652</u></u>
	2019	2018
	£'000	£'000
<i>Cost of sales and administrative expenses</i>		
As above	1,036	617
Less: recharged by parent charity	(634)	(318)
	<u>402</u>	<u>299</u>
Per SOFA – Expenditure on raising funds		
	<u><u>402</u></u>	<u><u>299</u></u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

5. Charitable expenditure – research and related activities

	2019	2018
	£'000	£'000
Wages and salaries to research staff	5,025	5,049
Recurrent costs:		
Science	3,640	4,397
Science support	1,332	1,083
Depreciation	904	892
Support costs (note 6)	1,574	1,319
Derivatives at fair value through SOFA (note 19)	-	-
Loan interest payable	11	11
Restructuring costs	249	55
	<u>12,735</u>	<u>12,806</u>
	<u><u>12,735</u></u>	<u><u>12,806</u></u>
Split: Designated unrestricted funds	84	62
General unrestricted funds	550	703
Restricted funds	12,101	12,041
	<u>12,735</u>	<u>12,806</u>
	<u><u>12,735</u></u>	<u><u>12,806</u></u>

6. Analysis of support costs

	2019	2018
	£'000	£'000
Senior management and administrative salaries, wages and employee costs	1,054	1,023
Administration costs	459	238
Support costs - Governance related (*)	61	58
	<u>1,574</u>	<u>1,319</u>
	<u><u>1,574</u></u>	<u><u>1,319</u></u>

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

	2019	2018
	£'000	£'000
External audit – Charity	18	18
Board of Trustees', sub-committee and associated meetings	10	9
Strategic management	27	26
Statutory accounts	6	5
	<u>61</u>	<u>58</u>
	<u><u>61</u></u>	<u><u>58</u></u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

7. Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	5,869	5,439
Social security costs	598	567
Other pension costs	632	644
	<u>7,099</u>	<u>6,650</u>

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

	2019	2018
	No	No
Permanent staff: Science and support	107	137
Senior management and administration	37	18
	<u>144</u>	<u>149</u>
Temporary staff	9	3
	<u>153</u>	<u>152</u>

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

	2019	2018
	No	No
£60,000-£69,999	1	6
£70,000-£79,999	5	3
£80,000-£89,999	1	2
£90,000-£99,999	1	-
£100,000-£109,999	1	-
£110,000-£119,999	-	1
£120,000-£129,999	1	-

For the above staff £113k (2018: £141k) 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 £538k (2018: £541k).

Trustees expenses amounting to £2k (2018: £1k) were reimbursed during the year.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

8. Net incoming resources

This is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Auditors' remuneration (group) – audit	18	18
– other – taxation and grant audits etc.	9	10
Depreciation of owned fixed assets	904	892
Operating lease rental	83	107
Deferred grants released	(618)	(587)
Net (gains)/losses on foreign currency transactions	(15)	(8)
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 2019**

10. Fixed assets

Group

	Leasehold Land and Buildings	Plant and Scientific Equipment	Ships And Vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 31 March 2018	5,203	8,496	810	14,509
Additions	1,855	2,135	-	3,990
Disposals	(12)	(82)	-	(94)
At 31 March 2019	<u>7,046</u>	<u>10,549</u>	<u>810</u>	<u>18,405</u>
Depreciation				
At 31 March 2018	678	7,388	538	8,604
Charge for the year	150	714	40	904
Released on disposal	(12)	(80)	-	(92)
At 31 March 2019	<u>816</u>	<u>8,022</u>	<u>578</u>	<u>9,416</u>
Net book amounts				
At 31 March 2019	<u>6,230</u>	<u>2,527</u>	<u>232</u>	<u>8,989</u>
At 31 March 2018	<u>4,525</u>	<u>1,108</u>	<u>272</u>	<u>5,905</u>

Restriction on title and pledged as security.

Freehold property with a carrying amount of £6,230k (2018: £4,525k) has been pledged as security for the bank loans.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

11. Fixed assets

Charity

	Leasehold Land and Buildings	Plant and Scientific Equipment	Ships And Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2018	5,203	8,457	810	14,470
Additions	1,855	2,135	-	3,990
Disposals	(12)	(82)	-	(94)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	7,046	10,510	810	18,366
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 31 March 2018	678	7,354	538	8,570
Charge for the year	150	713	40	903
Released on disposal	(12)	(80)	-	(92)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	816	7,987	578	9,381
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts				
At 31 March 2019	6,230	2,523	232	8,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2018	4,525	1,103	272	5,900
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Restriction on title and pledged as security.

Freehold property with a carrying amount of £6,230k (2018: £4,525k) has been pledged as security for the bank loans.

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

12. Intangible fixed assets Group and Charity	Intangibles
Cost	£'000
At 31 March 2018	381
Additions	182
	<hr/>
At 31 March 2019	563
 Net book amounts	
At 31 March 2018	381
	<hr/> <hr/>
At 31 March 2019	563
	<hr/> <hr/>

Intangibles relate to software costs and include assets in the course of implementation of £563k which are not being amortised until they are brought into use.

13. Investments Group and Charity	Investments
	£'000
Market value at 31 March 2018	3,572
Additions	84
Disposals	(700)
Investment manager fee	(25)
Unrealised gains	174
	<hr/>
Market value at 31 March 2019	3,105
	<hr/> <hr/>
Historical cost at 31 March 2019	2,224
	<hr/> <hr/>
Historical cost at 31 March 2018	2,767
	<hr/> <hr/>

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

13. Investments (continued)

Charity

	Investment in subsidiaries £'000
Cost	
At 31 March 2018 and 31 March 2019	100
Net book value	
At 31 March 2019	100
At 31 March 2018	100

The subsidiary and associate undertakings at 31 March 2019 were:

Name of company	Country of Incorporation	Nature of business	Proportion of shares held 2019	Proportion of shares held 2018
			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.

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

14. Debtors

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	1,160	2,188	984	1,960
Amounts owed by subsidiary undertaking and associates	-	-	152	156
Accrued income	1,407	1,379	1,329	1,298
Other debtors	5	8	5	8
Prepayments	174	160	173	152
Financial Instruments - derivatives at fair value (note 19)	19	10	19	10
	<u>2,765</u>	<u>3,745</u>	<u>2,662</u>	<u>3,584</u>

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

15. Short term investments and cash balances

Included in short term deposits of £0.4m and cash at bank and in hand of £3.6m at 31 March 2019 was £Nil (2018: £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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	366	198	362	194
Amounts owed to subsidiary undertaking and associates	-	-	12	8
Other creditors	36	240	40	240
Deferred income	4,101	3,674	3,810	3,570
Deferred capital grants (note 18)	749	601	749	601
Accruals	1,681	1,737	1,617	1,692
Loans (note 19)	96	106	96	106
PAYE and other taxes	229	190	222	185
Financial instruments – derivatives at fair value (note 19)	-	-	-	-
	<u>7,258</u>	<u>6,746</u>	<u>6,908</u>	<u>6,596</u>

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**NOTES TO THE ACCOUNTS
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17. Creditors : amounts falling due after more than one year

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred capital grants (note 18)	5,813	4,629	5,813	4,629
Loans (note 19)	238	372	238	372
	<u>6,051</u>	<u>5,001</u>	<u>6,051</u>	<u>5,001</u>

18. Deferred capital grants

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts to be released:				
Within one year	749	601	749	601
In two to five years	1,694	1,351	1,694	1,351
In over five years	4,119	3,278	4,119	3,278
	<u>6,562</u>	<u>5,230</u>	<u>6,562</u>	<u>5,230</u>

Deferred capital grants are analysed as follows:-

Current obligations (note 16)	749	601	749	601
Non-current obligations (note 17)	5,813	4,629	5,813	4,629
	<u>6,562</u>	<u>5,230</u>	<u>6,562</u>	<u>5,230</u>

Analysis of changes in deferred capital grants during the year:

At 31 March 2018	5,230	2,737	5,230	2,737
Received during the year	1,950	3,230	1,950	3,230
Transfer	-	(150)	-	(150)
Released during the year	(618)	(587)	(618)	(587)
At 31 March 2019	<u>6,562</u>	<u>5,230</u>	<u>6,562</u>	<u>5,230</u>

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

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	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans are analysed as follows:-				
Current obligations (note 16)	96	106	96	106
Non-current obligations (note 17)	238	372	238	372
	<u>334</u>	<u>478</u>	<u>334</u>	<u>478</u>
Amounts repayable				
Within one year	96	106	96	106
In two to five years	238	372	238	372
In over five years	-	-	-	-
	<u>334</u>	<u>478</u>	<u>334</u>	<u>478</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 2019 the charity had outstanding forward currency contracts amounting to €750k and \$0k (2018: €1,000k and \$150k). 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 £19.3k (2018: asset of £10k).

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

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 2019 the charity had total commitments under non-cancellable operating leases as set out below:-

	Land & Buildings		Other	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts payable:				
Within 1 year	30	-	46	52
In two to five years	97	-	71	103
Greater than five years	251	-	-	-
	<u>378</u>	<u>-</u>	<u>117</u>	<u>155</u>
	<u><u>378</u></u>	<u><u>-</u></u>	<u><u>117</u></u>	<u><u>155</u></u>

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

The amount of non-cancellable operating lease payments recognised as an expense during the year was £83k (2018: £82k).

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**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

**22. Statement of funds
Group**

	Balance at 31.03.18	Movement		Transfer	Balance at 31.03.19
	£'000	Income £'000	Expenditure £'000	£'000	£'000
Unrestricted funds – general	1,331	1,898	(977)	95	2,347
Unrestricted funds – designated					
- Research Fellows	400	-	-	-	400
- Lecture theatre	255	-	(38)	-	217
- Head lease	432	-	(24)	-	408
- Scientific facilities (buoy)	-	-	-	-	-
- Refurbishment	400	-	-	(400)	-
- Leasehold land & buildings	1,909	-	-	-	1,909
- Oceansgate Facility	100	-	-	50	150
- Linux backup	275	-	-	(275)	-
- Development Officer	150	-	(22)	-	128
- New Business System	-	-	-	530	530
	<u>3,921</u>	<u>-</u>	<u>(84)</u>	<u>(95)</u>	<u>3,742</u>
Restricted funds	-	12,101	(12,101)	-	-
Total funds	<u>5,252</u>	<u>13,999</u>	<u>(13,162)</u>	<u>-</u>	<u>6,089</u>

Charity

	Balance at 31.03.18	Movement in resources		Transfer	Balance at 31.03.19
	£'000	Income £'000	Expenditure £'000	£'000	£'000
Unrestricted funds – general	1,312	1,321	(678)	95	2,050
Unrestricted funds – designated					
- Research Fellows	400	-	-	-	400
- Lecture theatre	255	-	(38)	-	217
- Head lease	432	-	(24)	-	408
- Scientific facilities (buoy)	-	-	-	-	-
- Refurbishment	400	-	-	(400)	-
- Leasehold land & buildings	1,909	-	-	-	1,909
- Oceansgate Facility	100	-	-	50	150
- Linux backup	275	-	-	(275)	-
- Development Officer	150	-	(22)	-	128
- New Business System	-	-	-	530	530
	<u>3,921</u>	<u>-</u>	<u>(84)</u>	<u>(95)</u>	<u>3,742</u>
Restricted funds	-	12,101	(12,101)	-	-
Total funds	<u>5,233</u>	<u>13,422</u>	<u>(12,864)</u>	<u>-</u>	<u>5,792</u>

**PLYMOUTH MARINE LABORATORY
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Included in income above is £174k (2018: £68k) relating to gains on investment assets.

**22. Statement of funds
Group**

	Balance at	Movement		Transfer	Balance at
	31.03.17	Income	Expenditure		31.03.18
	£'000	£'000	£'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
	3,600	-	(62)	383	3,921
Restricted funds	-	12,041	(12,041)	-	-
Total funds	5,125	13,257	(13,130)	-	5,252
Charity					
	Balance at	Movement in resources		Transfer	Balance at
	31.03.17	Income	Expenditure		31.03.18
	£'000	£'000	£'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
	3,600	-	(62)	383	3,921
Restricted funds	-	12,041	(12,041)	-	-
Total funds	5,166	12,891	(12,824)	-	5,233

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2019**

23. Analysis of group net assets between funds

	Unrestricted General	Unrestricted Designated	Total
	£'000	£'000	£'000
Fixed assets	6,488	3,064	9,552
Investments	2,427	678	3,105
Current assets	6,741	-	6,741
Current liabilities	(7,258)	-	(7,258)
Long term liabilities	(6,051)	-	(6,051)
	<u>2,347</u>	<u>3,742</u>	<u>6,089</u>

24. Notes to the statement of cash flows

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

	2019	2018
	£'000	£'000
Net (expenditure)/income for the year before other recognised gains/(losses)	663	69
Depreciation	904	892
Deferred government grants released	(617)	(587)
Decrease/(increase) in debtors	980	(370)
(Decrease)/Increase in creditors	374	839
Bank interest and investment income receivable	(87)	(88)
Bank interest payable	11	11
Net cash (outflow)/inflow from operating activities	<u>2,228</u>	<u>766</u>

(b) Analysis of cash and cash equivalents

	2019	2018
	£'000	£'000
Cash at bank and in hand	3,610	1,840
Short term bank deposits	366	1,556
Cash and cash equivalents	<u>3,976</u>	<u>3,396</u>

**NOTES TO THE ACCOUNTS
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25. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £18K for the Charity and Group (2018: £3,028k 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 £632k (2018: £644k).

Contributions totalling £39k (2018: £38k) were payable to the scheme at the end of the year.