



**REPORT AND FINANCIAL STATEMENTS
31 MARCH 2016**

CONTENTS

	Page
Report of the Trustees	
Objectives and Activities	2
Strategic Report	3
• Achievements and Performance	3
• Financial Review	7
• Principal Risks & Uncertainties	7
• Plans for Future Periods	8
Structure Governance and Management	8
Reference and Administrative Details	11
Report of the Auditors	14
Consolidated Statement of Financial Activities	16
Consolidated and Charity Balance Sheets	17
Statement of Cash Flows	18
Notes forming part of the financial statements	19

**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 2016. 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 (the *Solution Space*) to the issues faced by the ocean and 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.

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. 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.

In addition to PML's principal activities, specific operating objectives for this year included:

- Broaden PML's funding base
 - Produce high quality publications
 - Deliver the specific objectives of competitive research projects
 - Maximise the impact of our research to demonstrate benefit
 - Deliver appropriate accreditation systems to improve business efficiency
-

REPORT OF THE TRUSTEES (incorporating Strategic Report)

- Develop and implement an e-mail newsletter to increase PML's outreach externally
- Review and refine relationships with international partners

Achievements against specific operating objectives listed above are included within the report below.

STRATEGIC REPORT FOR THE PURPOSES OF COMPANIES ACT 2006

1. ACHIEVEMENTS & PERFORMANCE

How the Charity's Activities Delivered Public Benefit

PML conducts interdisciplinary and pioneering research, focusing on the dynamic and complex marine environment that sustains life not only in the ocean but also across the entire planet. Such research is undertaken at global, basin, shelf and estuarine scales, from seconds to multi-decades, and informs stakeholders and society in general on some of the most challenging scientific issues with societal relevance.

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

(1) High Quality Research

A key output early in the year was the production of a new Science Plan 2015-19, which lays out PML's scientific vision to address the many challenges in the marine environment.

During the calendar year 2015 PML scientists produced a total of 161 publications, 150 of which were peer reviewed papers, and 66 of which were first authored. The rolling 3 year average of numbers of publications is at its highest level in the last 9 year period. Of particular note was a PML first-authored paper, produced as part of the Western Channel Observatory special issue, which has been classified as a "hot paper", meaning that it received enough citations within a certain timeframe to place it in the **top 0.1% of papers in its academic field**.

Scientific publications are available to the research community, 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.

Investment in research is vital for its future and during the year PML was successful in obtaining funding from the Wolfson Foundation for a new facility (single cell genomics), which will be operated jointly with the University of Exeter. Investment has also been made in high performance computing with funding from the NERC to support PML's world-leading modelling capability.

Beneficiaries of PML's strategic research capability include the wider academic community, including the UK university sector. Moreover, the NERC funded National Capability work undertaken by PML provides excellent, effective and high impact activities that benefit the UK and beyond. Two examples of such are:

The Western Channel Observatory (WCO) <http://www.westernchannelobservatory.org.uk/> is part of an international observation effort to monitor the oceans and supports a globally unique time-series

REPORT OF THE TRUSTEES (incorporating Strategic Report)

and marine biodiversity reference site, thus enabling detection of trends and cycles and providing a gauge of climate change. This year a Progress in Oceanography Special Issue on the WCO was produced, containing 17 cross-cutting scientific research papers, from 25 UK and international institutes.

The Atlantic Meridional Transect (AMT) <http://www.amt-uk.org/> provides a unique platform for UK and international scientists to undertake novel marine research and to understand how the Atlantic Ocean is changing. 2015 marked the 20th anniversary of AMT and its 25th scientific cruise. Since its launch by PML in 1995 this collaborative programme has involved 242 seagoing scientists from 66 institutes in 22 countries, resulting in 243 refereed scientific publications and 70 PhD theses.

During the year several PML scientists were heavily engaged in developing proposals with NERC Research Centres for new long-term, multi-centre National Capability programmes, with considerable success.

The relevance of PML's research to issues facing the marine environment and society too, is illustrated below by a number of examples:

- **Aquaculture:** A PML led project - ShellEye - <http://www.shelleye.org/> - involving a team of UK scientists is exploring the use of satellites and meteorological data to monitor and forecast water quality events threatening shellfish farms, for the benefit of the shellfish industry and, ultimately, consumers. Another project, also co-ordinated by PML - ROSA - <http://www.rosa-marine.uk/> -, and involving PML's world-leading modelling team, intends to develop the UK capability to project the risks and opportunities for sustainable aquaculture in a changing environment.
- **Food security:** PML scientists have been working on a project "Ecosystem Services of Poverty Alleviation in Populous Deltas" and published a paper in 2015 predicting how future climate change could reduce the productivity of Bangladeshi marine fisheries and how adaptive management scenarios may exacerbate or mitigate such impacts.
- **Microplastics:** Further research has been undertaken by PML, in conjunction with the University of Exeter, on the ingestion by zooplankton of microplastics. During the year, PML was successful in winning funding from the Postcode Dream Trust, working with the Ellen MacArthur Foundation on the New Plastics Economy initiative, and also from the Norwegian Research Council Polar Research Programme on marine plastic pollution in the Arctic. PML scientists have also provided comprehensive evidence in a submission to the House of Commons' Environmental Audit Committee's inquiry on "the environmental impact of microplastics".
- **Ocean fronts:** PML's internationally recognised Earth observation team, in partnership with other researchers, used its satellite technology to relate loggerhead turtle movements and ocean fronts, establishing the importance of such fronts to these creatures, which could lead to their improved conservation.
- **Offshore wind:** PML socio-economists undertook two reviews for the Crown Estate on "Understanding the impacts of offshore wind on well-being" and "Public perceptions of offshore wind farms". Further information can be found at http://www.pml.ac.uk/News/Understanding_the_impact_of_Offshore_Wind_Farms_on

REPORT OF THE TRUSTEES (incorporating Strategic Report)

(2) National & International Standing

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

People

Firstly, PML was thrilled to announce on 8 June 2016 (World Ocean Day) the appointment of a new patron - James Cameron - explorer, environmentalist and renowned filmmaker. James is passionate about the ocean and sustainability issues and on his new role has stated "Together, we're working to promote a healthy ocean for us all".

In terms of PML's scientists many are members of international and national committees, or perform specific roles at an international or national level, including the following:

- International Scientific Advisory Committee for the Marine Environmental Observation Prediction and Response Network
- International Advisory Board of the Centre for Ocean Life
- International Maritime Organization Ballast Water Working Group
- European Joint Programme Initiative Oceans Science Advisory Board
- European Marine Board Working Group on Valuing Marine Ecosystems
- Department of Environment, Fisheries and Rural Affairs (DEFRA) Science Advisory Group
- Marine Science Co-ordination Committee
- Marine Renewable Energy Knowledge Exchange Advisory Council
- Productive Seas Evidence Group
- Sargasso Sea Commission
- UK Carbon Capture and Storage Research Centre Co-ordination Group
- UK Copernicus Marine Network Group

Partnerships

In addition to working with other institutions on specific research projects, PML has a number of strategic partnerships at national and international level, which lead to collaboration in research and, in some instances, the exchange of staff and students.

During the year new partnerships were cemented via Memoranda of Understanding with the Nansen Environmental Research Centre, India (NERCI) and the Norwegian Institute for Water Research (NIVA), respectively.

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

Recognition

- In a ranking published in July 2015, PML was graded 6th out of 100 (and top in the UK) in the "2014 International Center for Climate Governance (ICCG) Climate Think Tank Ranking", an analysis created to recognize the excellence of the main institutions addressing climate issues worldwide.
- In November 2015, the relevance of PML's Earth Observation science was recognised on a global scale through the launch of a report by the Committee on Earth Observation Satellites, (CEOS), a world renowned organisation on "Applications of Satellite Earth Observations: Serving Society, Science & Industry", in which three articles on PML's research featured.

REPORT OF THE TRUSTEES (incorporating Strategic Report)

- One of PML's PhD students, Alice Wilson McNeal, was the overall winner of the P1 Marine Foundation National Student Awards 2015 for her project "Plankton eating plastic: worth worrying about?". See news story at http://www.pml.ac.uk/News/PML_student_receives_1000_to_further_microplastic

(3) Knowledge Exchange

Communicating and disseminating the results and outcomes of its research and educating society in the widest sense on the importance of the ocean is a significant part of PML's remit. Knowledge exchange to PML's numerous stakeholders and beneficiaries is undertaken at various levels from the individual scientist to public or corporate events. In addition to the project outputs mentioned above, particular highlights during the year included participation by PML scientists in high level meetings on the international stage including:

- the UNESCO special event for World Oceans Day, Paris
- "Our Common Future under Climate Change" conference, Paris in the lead up to COP21
- UNFCCC COP21, Paris – PML had been granted accreditation to attend as an observer organization
- the 8th World Ecosystem Services Partnership conference
- the Europe Foresight Symposium, and
- the Ocean Sciences Conference.

Communicating PML's research through various channels to a wider audience is an important aspect of PML's role. This year the BBC's Science Editor, David Shukman, filmed a report with PML scientists on the problems of microplastics in the marine environment, which appeared on the 6 and 10 o'clock news and also on BBC World News on-line, as well as other on-line media channels. The local BBC south-west team also filmed a feature on microplastics for the Inside Out programme. Digital Explorer and Snowline Productions released educational video resources on the impact of microplastics on ocean life.

PML's Western Channel Observatory (WCO) activities were filmed and broadcast by Al Jazeera in September and BBC Spotlight filmed and broadcast a piece in September on these research activities too.

In addition Euronews produced a film of our Earth observation activities entitled "A satellite revolution in oceanography" which was broadcast many times on its channel and is available on YouTube and the European Space Agency's (ESA) website. ESA also produced a film featuring PML's research on "Essential Climate Variables: Ocean Colour".

Social media is still proving a popular means of both communicating PML's research and engaging with a wider audience. PML's Twitter following showed an increase in new followers of 36% more than in the previous year. An e-newsletter *Ocean Matters* was developed during the year and has been widely distributed.

Education & Training

An Education & Training Committee was established to co-ordinate and oversee the range of related programmes, services and activities falling under this umbrella. Such activities include developing the next generation of scientists, which is regarded as a priority by PML. 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.

REPORT OF THE TRUSTEES (incorporating Strategic Report)

PML was successful in being awarded six new PhD studentships and these started in October 2015.

For further details on PML activities and achievements for 2015, please see our Annual Review at <http://www.pml.ac.uk/AnnualReview2015>

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

2. FINANCIAL REVIEW

(1) Results for the year

Net expenditure for the year amounted to £175k (2015 net income £30k). It has been a challenging year due to the external funding environment, especially a hiatus in a principal source of funding (EU). As a result costs have been reduced, whilst still maintaining capability for the future and for the new opportunities which have arisen during the year. After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to an outgoing of £316k (2015 - £241k). The Trustees confirm that results are in line with expectations, and are pleased to report that the position on signed contracts at the end of year bodes well for the forthcoming year's 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 including from specifically NERC National Capability and the EU. The decision in June by the UK to exit the EU is of significant concern, given that the EU is a key customer of PML's research. However, other non-EU member countries, such as Norway, are eligible to bid for EU research funds under "associated country" status. PML will need to explore potential routes to EU funding. European Space Agency funding, also a key source of income to PML, will remain unaffected by the "Brexit" decision.

(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.

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

Bank balances increased over the year from £0.2m to £1.6m. This figure includes £Nil (2015 £102k) where PML acts as co-ordinator of EC contracts, but yet to be paid over to partners in the contracts.

(3) Principal Funding Sources

Income was derived principally from competitive research of £5.25m (2015: £5.59m) from a variety of customers, (including NERC, the European Space Agency and the European Commission), and the NERC National Capability funding, amounting to £3.27m (2015: £3.87m). 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.

Against a background of reduced NERC National Capability funding, PML scientists have been successful in terms of winning commissioned research funding. New contracts won during the financial year were valued at £5.15m (2015: £4.6m).

(4) Investment policy

PML's investment policy was reviewed in March 2016, 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 £57k (2015 £54k), and generated £54k (2015 £50k) 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.

4. PLANS FOR FUTURE PERIODS

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

- Deliver key objectives of charitable fundraising strategy (year 1)
- Produce high quality publications
- Deliver the specific objectives of competitive research projects
- Manage and deliver the PML components of the NERC National Capability programme
- Maximise the impact of our research
- Deliver appropriate accreditation systems to improve business efficiency
- Progress development of a new Business Management System

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

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

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 eleven 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. At the end of October 2015 the Chairman, Prof. Lewis, retired having served as Chairman since 2009 and as a Trustee since 2002. The Board would like to thank Prof. Lewis for his significant contribution to PML. Admiral Sir James Burnell-Nugent was elected as Chairman by the Trustees and took up this role from 1 November 2015, having previously served as a Trustee.

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.

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 and backgrounds and the current Board membership reflects the need to have both strong scientific as well as business representation. 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 CC10 "Hallmarks of an Effective Charity", the Articles of Association, PML's Strategy, Science Plan and Operating Plan, the most recent set of accounts, as well as various other policy documents. The Company Secretary has overall responsibility for the induction of Trustees. Where specific training is identified as necessary, then this is delivered internally or through external providers, including attendance at seminars or conferences.

Evaluation of Board Performance

Evaluation of Board performance was undertaken in 2013 and various actions from this evaluation have been progressed. These have included a staff survey on Board/staff engagement, which was undertaken in January/February 2015 and the results of which have been shared with the Trustees and staff.

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. Average attendance by Trustees over the last year at Board meetings was 83% (2015: 83%).

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

Sub-Committees

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

- Audit & Finance Committee: Meets 2-3 times per year and has delegated responsibility for ensuring that PML has in place effective systems and methods of financial control and risk management and that it complies with all aspects of the law, relevant regulations and good practice. It also reviews PML's investments and the performance of the Investment Manager. Trustee members during the reporting period were Mr Dixon (Chair - until August 2015), Mr Sherrard (interim Chair from August 2015) and Mr Godefroy.
- 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 Sir James Burnell-Nugent (Chair until 31 October 2015), Mrs Timberlake (Chair from 1 November 2015) and Mrs Barnes.
- Science Advisory Council: Meets once per year to review aspects of the science portfolio. Trustee members are Profs. Rayner (Chair), Jickells and Ward, as well as external members from the international science community.

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

Senior Management Team

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

Related Parties

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

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

PML has been a member of the National Centre for Ocean Forecasting since 2008; this consortium has recently been reconfigured as the National Partnership of Ocean Prediction. Partners comprise the Natural Environment Research Council, the Centre for Environment, Fisheries and Aquaculture Science, PML and the Met Office, whose Board membership includes Mrs Barnes, a Trustee (Director) of PML. 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.

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

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 10.

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 organizations and assess performance against objectives set for the year.

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

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

Reference and Administrative Details

Plymouth Marine Laboratory; also known as PML

Charity number

1091222

Company number

4178503

Registered office

Prospect Place, The Hoe, Plymouth, PL1 3DH

Patron (from 8 June 2016)

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:-

Prof. C T Lewis (Chairman) - retired 31 October 2015

W J Barnes - appointed 27 August 2015

Lord Berkeley

Admiral Sir James Burnell-Nugent KCB, CBE - Chairman from 1 November 2015

A Dixon OBE (Honorary Treasurer) - retired 26 August 2015

N J Godefroy - appointed 7 August 2015

G M Hart

Prof. T D Jickells

Prof. R F Rayner

S P Sherrard DL

J E Timberlake

Prof. B B Ward

Senior Management Team

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

Prof. S J de Mora (Chief Executive)

Prof. J I Allen (Head of Science)

Prof. M Barange (Deputy Chief Executive & Director of Science)

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

REPORT OF THE TRUSTEES (incorporating Strategic Report)

C R Smith (Head of Human Resources)
C A J Taysom (Director of Finance & Operations)
B K Tremain (Company Secretary)

Prof. Barange left PML on 13 May 2016 to take up a position at the UN Food & Agriculture Organisation.

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

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

COMPLETENESS OF INFORMATION TO AUDITORS

So far as each Trustee listed on page 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 8 was approved by the Trustees and signed on their behalf by:

..... (Chairman)

Admiral Sir James Burnell-Nugent KCB, CBE

Date: 2016

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

We have audited the financial statements of Plymouth Marine Laboratory for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Charitable company and the group's affairs as at 31 March 2016, and of the incoming resources and application of resources of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report (incorporating the Strategic Report) for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

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

.....

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2016**

	Notes	Unrestricted Funds		Restricted Funds	Total 2016	Total 2015
		General	Designated	Funds	£'000	£'000
		£'000	£'000	£'000	£'000	£'000
Income from:						
Charitable activities:						
<i>Research and related activities</i>	3	412	-	9,156	9,568	10,479
Other trading activities						
<i>Commercial trading operations</i>	4	341	-	-	341	328
Investments						
<i>Bank interest and investment income</i>		71	-	-	71	72
Total incoming resources		824	-	9,156	9,980	10,879
Expenditure on:						
Raising funds:						
<i>Commercial trading activities</i>	4	194	-	-	194	251
Charitable activities:						
<i>Research and related activities</i>	5	642	141	9,156	9,939	10,577
Other						
<i>Investment management costs</i>		22	-	-	22	21
Total resources expended		858	141	9,156	10,155	10,849
Net (expenditure)/income before transfers		(34)	(141)	-	(175)	30
Transfers between funds	21	-	-	-	-	-
Net (expenditure)/income before other recognised gains/(losses)		(34)	(141)	-	(175)	30
<i>(Losses)/gains on investment assets</i>	12	(141)	-	-	(141)	211
Net movement in funds		(175)	(141)	-	(316)	241
Reconciliation of funds:						
Total funds brought forward		3,364	1,640	-	5,004	4,763
Total funds carried forward		3,189	1,499	-	4,688	5,004

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

COMPANY NUMBER: 4178503

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2016**

	Notes	Group		Charity	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fixed assets					
Tangible assets	10&11	4,923	4,356	4,921	4,353
Investments	12	2,865	2,954	2,965	2,954
		<u>7,788</u>	<u>7,310</u>	<u>7,886</u>	<u>7,307</u>
Current assets					
Debtors	13	3,387	5,716	3,364	5,707
Investments-Short term bank deposit	14	919	1,195	919	1,195
Cash at bank and in hand	14	1,617	235	1,474	196
		<u>5,923</u>	<u>7,146</u>	<u>5,757</u>	<u>7,098</u>
Creditors: amounts falling due within one year	15	(6,323)	(6,796)	(6,174)	(6,710)
Net current (liabilities)/assets		<u>(400)</u>	<u>350</u>	<u>(417)</u>	<u>388</u>
Total assets less current liabilities		<u>7,388</u>	<u>7,600</u>	<u>7,469</u>	<u>7,695</u>
Creditors: amounts falling due after more than one year	16	(2,700)	(2,656)	(2,700)	(2,656)
		<u>4,688</u>	<u>5,004</u>	<u>4,769</u>	<u>5,039</u>
Funds					
Unrestricted – general	21	3,189	3,364	3,270	3,399
Unrestricted – designated	21	1,499	1,640	1,499	1,640
Restricted	21	-	-	-	-
		<u>4,688</u>	<u>5,004</u>	<u>4,769</u>	<u>5,039</u>

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

.....
S P Sherrard
Trustee

Date:2016

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £'000	2015 £'000
Cash generated from operating activities			
<i>Net cash provided by/(used in) operating activities</i>	23(a)	1,827	(2,168)
<i>Cash flows from investing activities</i>			
Bank interest and investment income received		71	73
Payments to acquire tangible fixed assets		(1,213)	(328)
Capital grants received		585	820
Proceeds from the sale of fixed assets		-	-
Payments to acquire investments		(52)	(44)
Net cash provided by/(used in) investing activities		<u>(609)</u>	<u>521</u>
<i>Cash flows used in financing activities</i>			
Net movement in long term borrowings		(99)	(96)
Bank interest payable		(13)	(16)
Net cash used in financing activities		<u>(112)</u>	<u>(112)</u>
Change in cash and cash equivalents in the year		<u>1,106</u>	<u>(1,759)</u>
Cash and cash equivalents brought forward		<u>1,430</u>	<u>3,189</u>
Cash and cash equivalents carried forward	23(b)	<u><u>2,536</u></u>	<u><u>1,430</u></u>

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

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) Change in basis of accounting and 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.

The group has adopted FRS102 and Charities SORP (FRS102) and transferred from previously extent UK GAAP to FRS102 as at 1 April 2014. Comparatives have been restated and an explanation of the how the transition for FRS102 has affected the financial position and financial performance in given in note 27.

(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

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 loss of £175k (2015: surplus £30k).

(e) Fixed Assets and Depreciation

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	- 5 to 10 years
Computer equipment	- 3 to 5 years
Software	- 3 years
Plant and machinery	- 10 years
Motor vehicles	- 4 years
Ships	- 20 years
Buildings	- 25 years

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

(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 2016**

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 2016**

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 2016

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 2016**

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

	2016	2015
	£'000	£'000
NERC funding (National Capability)	3,268	3,869
Research income	5,252	5,590
Deferred income on capital expenditure	362	359
Funding for restructuring	274	-
Other (*)	412	661
	<u>9,568</u>	<u>10,479</u>

The above also includes funding for support for pension and library costs.
Within charitable income £9.2m (2015 £9.81m) was attributable to restricted income with the balance of £412k (2015 £661k) being attributable to unrestricted income.

() Other income from charitable activities includes*

	2016	2015
	£'000	£'000
Reimbursements	34	70
VAT recoverable (due to partial exemption)	44	6
POGO (**) – charges for secretariat services	122	129
Doctoral training grants	157	228
Others	55	228
	<u>412</u>	<u>661</u>

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

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

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	2016	2015
	£'000	£'000
Turnover	341	423
Cost of sales and administrative expenses	(286)	(371)
Other income, including interest receivable	2	2
Operating profit	<u>57</u>	<u>54</u>
Interest payable on loan	(3)	(4)
Net profit	<u>54</u>	<u>50</u>

The assets and liabilities of the subsidiary were:

Fixed assets	3	3
Current assets	287	201
Current liabilities	(271)	(240)
Creditors: amounts falling due after more than one year	-	-
Total net assets/(liabilities)	<u>19</u>	<u>(36)</u>
Aggregate share capital and reserves	<u>19</u>	<u>(36)</u>

Reconciliation with statement of financial activities (SOFA)

	2016	2015
	£'000	£'000
<i>Turnover</i>		
As above	341	423
Less: provided to parent charity	-	(95)
Per SOFA – Income from other trading activities	<u>341</u>	<u>328</u>
	2016	2015
	£'000	£'000
<i>Cost of sales and administrative expenses</i>		
As above	286	371
Less: recharged by parent charity	(92)	(120)
Per SOFA – Expenditure on raising funds	<u>194</u>	<u>251</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

5. Charitable expenditure – research and related activities

	2016	2015
	£'000	£'000
Wages and salaries to research staff	5,202	5,389
Recurrent costs:		
Science	1,326	1,749
Science support	1,129	1,502
Depreciation	645	593
Support costs (note 6)	1,300	1,328
Derivatives at fair value through SOFA (note 18)	50	-
Loan interest payable	13	16
Restructuring costs	274	-
	<u>9,939</u>	<u>10,577</u>
	<u><u>9,939</u></u>	<u><u>10,577</u></u>
Split: Designated unrestricted Funds	141	601
General unrestricted Funds	642	159
Restricted Funds	9,156	9,817
	<u>9,939</u>	<u>10,577</u>
	<u><u>9,939</u></u>	<u><u>10,577</u></u>

6. Analysis of support costs

	2016	2015
	£'000	£'000
Senior management and administrative salaries, wages and employee costs	1,047	1,059
Administration costs	192	210
Support costs - Governance related (*)	61	59
	<u>1,300</u>	<u>1,328</u>
	<u><u>1,300</u></u>	<u><u>1,328</u></u>

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

	2016	2015
	£'000	£'000
External audit – Charity	16	15
Board of Trustees', sub-committee and associated meetings	14	14
Strategic management	26	25
Statutory accounts	5	5
	<u>61</u>	<u>59</u>
	<u><u>61</u></u>	<u><u>59</u></u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

8. Net incoming resources

This is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Auditors' remuneration (group) – audit	17	17
– other – taxation and grant audits etc.	7	12
Depreciation of owned fixed assets	646	593
Operating lease rental – land and buildings	55	54
Deferred grants released	(362)	(359)
Net (gains)/losses on foreign currency transactions	(48)	(32)
Interest paid on loans held at amortised cost	13	16
	<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 2016**

10. Tangible fixed assets

Group	Leasehold Land and Buildings	Plant and Scientific Equipment	Ships and Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2015	2,750	6,944	778	10,472
Additions	229	985	-	1,214
Disposals and assets written off	-	(23)	-	(23)
At 31 March 2016	2,979	7,906	778	11,663
Depreciation				
At 31 March 2015	343	5,359	414	6,116
Charge for the year	114	486	46	646
Disposals and assets written off	-	(22)	-	(22)
At 31 March 2016	457	5,823	460	6,740
Net book amounts				
At 31 March 2016	2,522	2,083	318	4,923
At 31 March 2015	2,407	1,585	364	4,356

Included within the net book value of fixed assets are assets in the course construction of £1.04m which are not depreciated.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

11. Tangible fixed assets

Charity

	Leasehold Land and Buildings	Plant and Scientific Equipment	Ships and Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2015	2,750	6,909	778	10,437
Additions	229	985	-	1,214
Disposals and assets written off	-	(23)	-	(23)
At 31 March 2016	2,979	7,871	778	11,628
Depreciation				
At 31 March 2015	343	5,327	414	6,084
Charge for the year	114	485	46	645
Disposals and assets written off	-	(22)	-	(22)
At 31 March 2016	457	5,790	460	6,707
Net book amounts				
At 31 March 2016	2,522	2,081	318	4,921
At 31 March 2015	2,407	1,582	364	4,353

Included within the net book value of fixed assets are assets in the course construction of £1.04m which are not depreciated.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

12. Investments Group and Charity	Investments
	£'000
Market value at 31 March 2015	2,954
Additions	74
Disposals	-
Investment manager fee	(22)
Unrealised gains	(141)
	2,865
	2,579
	2,389
 Charity	
	Investment in subsidiaries
	£'000
Cost	
At 31 March 2016	100
	-
Net book value	
At 31 March 2015	-
	100
	-

The trustees reviewed the carrying value of the investment in its subsidiary, PML Applications Ltd, and reinstated the carrying value previously written down by £100,000 to £Nil in 2012/13.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

12. Investments (continued)

The subsidiary and associate undertakings at 31 March 2016 were:

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

(*) 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.

13. Debtors

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	1,429	2,611	1,284	2,541
Amounts owed by subsidiary undertaking and associates	-	-	123	107
Accrued income	1,776	2,933	1,776	2,887
Other debtors	1	2	1	2
Prepayments	181	170	180	170
	<u>3,387</u>	<u>5,716</u>	<u>3,364</u>	<u>5,707</u>

14. Short term investments and cash balances

Included in short term deposits of £919k and cash at bank and in hand of £1,617k at 31 March 2016 was £Nil (2015 £177k) held on behalf of other project partners for distribution in due course, and for which a corresponding creditor was included in Note 15 within 'Other Creditors'.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

15. Creditors : amounts falling due within one year

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade creditors	502	594	491	594
Amounts owed to subsidiary undertaking and associates	-	-	-	46
Other creditors	523	881	476	850
Deferred income	3,193	3,261	3,126	3,178
Deferred capital grants (note 17)	543	463	543	463
Accruals	1,230	1,295	1,229	1,293
Loans (note 18)	90	90	90	90
PAYE and other taxes	165	176	163	172
VAT	27	36	6	24
Financial instruments – derivatives at fair value (note 18)	50	-	50	-
	<u>6,323</u>	<u>6,796</u>	<u>6,174</u>	<u>6,710</u>

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

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Deferred capital grants (note 17)	2,261	2,118	2,261	2,118
Loans (note 18)	439	538	439	538
	<u>2,700</u>	<u>2,656</u>	<u>2,700</u>	<u>2,656</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

17. Deferred capital grants

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts to be released:				
Within one year	543	463	543	463
In two to five years	1,403	1,375	1,403	1,375
In over five years	858	743	858	743
	<u>2,804</u>	<u>2,581</u>	<u>2,804</u>	<u>2,581</u>
	=====	=====	=====	=====

Deferred capital grants are analysed as follows:-

Current obligations (note 15)	543	463	543	463
Non-current obligations (note 16)	2,261	2,118	2,261	2,118
	<u>2,804</u>	<u>2,581</u>	<u>2,804</u>	<u>2,581</u>
	=====	=====	=====	=====

Analysis of changes in deferred capital grants during the year:

At 31 March 2015	2,581	2,120	2,581	2,120
Received during the year	585	820	585	820
Released during the year	(362)	(359)	(362)	(359)
At 31 March 2016	<u>2,804</u>	<u>2,581</u>	<u>2,804</u>	<u>2,581</u>
	=====	=====	=====	=====

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

18. Financial instruments

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

a) Loans held at amortised cost

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loans are analysed as follows:-				
Current obligations (note 15)	90	90	90	90
Non-current obligations (note 16)	439	538	439	538
	<u>529</u>	<u>628</u>	<u>529</u>	<u>628</u>
Amounts repayable				
Within one year	90	90	90	90
In two to five years	359	450	359	450
In over five years	80	88	80	88
	<u>529</u>	<u>628</u>	<u>529</u>	<u>628</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.

b) Forward exchange contracts

At 31 March 2016 the charity had outstanding forward currency contracts amounting to €750,000 (2015: €500,000). Comparison of the year end spot rate (which acts as an approximation for the fair value of the contracts) with contracted rates presents a valuation differential as a liability of £50,413. The comparative amount at 31 March 2015 (asset of £11,017) was not included in the restated balance under FRS102 on the grounds of materiality.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

19. 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.

20. Other financial commitments

At 31 March 2016 the charity had total commitments under non-cancellable operating leases as set out below:-

	Land & Buildings		Other	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts payable:				
Within 1 year	27	30	57	66
In two to five years	4	31	45	90
	<u>31</u>	<u>61</u>	<u>102</u>	<u>156</u>
	<u><u>31</u></u>	<u><u>61</u></u>	<u><u>102</u></u>	<u><u>156</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.

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

21. Statement of funds

Group

	Balance at 31.03.15	Movement		Transfer	Balance at 31.03.16
	£'000	Income £'000	Expenditure £'000	£'000	£'000
Unrestricted funds – general	3,364	824	(999)	-	3,189
Unrestricted funds – designated					
- Research Fellows	517	-	(79)	-	438
- Lecture theatre	369	-	(38)	-	331
- Head lease	504	-	(24)	-	480
- Scientific facilities (buoy)	250	-	-	-	250
	<u>1,640</u>	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>1,499</u>
Restricted funds	-	9,156	(9,156)	-	-
Total funds	<u>5,004</u>	<u>9,980</u>	<u>(10,296)</u>	<u>-</u>	<u>4,688</u>

Charity

	Balance at 31.03.15	Movement in resources		Transfer	Balance at 31.03.16
	£'000	Income £'000	Expenditure £'000	£'000	£'000
Unrestricted funds – general	3,399	563	(692)	-	3,270
Unrestricted funds – designated					
- Research Fellows	517	-	(79)	-	438
- Lecture theatre	369	-	(38)	-	331
- Head lease	504	-	(24)	-	480
- Scientific facilities (buoy)	250	-	-	-	250
	<u>1,640</u>	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>1,499</u>
Restricted funds	-	8,753	(8,753)	-	-
Total funds	<u>5,039</u>	<u>9,316</u>	<u>(9,586)</u>	<u>-</u>	<u>4,769</u>

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

22. Analysis of group net assets between funds

	Unrestricted General	Unrestricted Designated	Total
	£'000	£'000	£'000
Tangible fixed assets	4,923	-	4,923
Investments	1,366	1,499	2,865
Net current assets	(400)	-	(400)
Long term liabilities	(2,700)	-	(2,700)
	<u>3,189</u>	<u>1,499</u>	<u>4,688</u>

23. Notes to the statement of cash flows

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

	2016	2015
	£'000	£'000
Net expenditure/(income) for the year before other recognised gains/(losses)	(175)	30
Depreciation	646	593
Deferred government grants released	(362)	(359)
Decrease/(increase) in debtors	2,329	(2,181)
Increase in creditors	(553)	(195)
Bank interest and investment income receivable	(71)	(72)
Bank interest payable	13	16
Net cash inflow/(outflow) from operating activities	<u>1,827</u>	<u>(2,168)</u>

(b) Analysis of cash and cash equivalents

	2016	2015
	£'000	£'000
Cash at bank and in hand	1,617	235
Short term bank deposits	919	1,195
Cash and cash equivalents	<u>2,536</u>	<u>1,430</u>

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

24. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £251,000 for the Charity and Group (2015: £Nil for Charity and Group). These amounts are fully funded.

25. Related party transactions

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

26. Pension commitments

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

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

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

**NOTES TO THE ACCOUNTS
AT 31 MARCH 2016**

27. Transition to FRS102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014.

The impact from the transition to FRS 102 is as follows:

Reconciliation of Equity at 1 April 2014

	Group £'000	Charity £'000
Net assets at 1 April 2014 under previous UK GAAP	4,866	4,951
Accrual for holiday pay	(203)	(203)
Net assets at 1 April 2014 under FRS 102	4,763	4,748

Reconciliation of Equity at 31 March 2015

	Group £'000	Charity £'000
Net assets at 31 March 2015 under previous UK GAAP	5,207	5,242
Accrual for holiday pay	(203)	(203)
Net assets at 31 March 2015 under FRS 102	5,004	5,039

Reconciliation of Net income/expenditure at 31 March 2015

On the grounds of materiality, there was no restatement for the impact of accounting for holiday pay on Net Income for the year ended 31 March 2015.

Comparatives were not restated for the fair value of foreign exchange contracts held at 31 March 2015 or 1 April 2014 on the grounds of materiality. (see note 18(b)).