



**REPORT AND FINANCIAL STATEMENTS  
31 MARCH 2014**

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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) and the audited financial statements for the period ended 31 March 2014. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP), revised in 2005, in preparing the annual report and financial statements of PML.

**Reference and Administrative Details**

Plymouth Marine Laboratory; also known as PML

**Charity number**

1091222

**Company number**

4178503

**Registered office**

Prospect Place, The Hoe, Plymouth, PL1 3DH

**Directors and Trustees**

The Directors of 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:-

C T Lewis (Chairman)  
Lord Berkeley  
Admiral Sir James Burnell-Nugent KCB, CBE  
A Dixon OBE (Honorary Treasurer)  
G M Hart  
Prof. T D Jickells (appointed 10/01/2014)  
Prof. R F Rayner  
S P Sherrard  
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)  
C R Smith (Head of Human Resources)  
C A J Taysom (Director of Finance & Operations)  
B K Tremain (Company Secretary)

**Auditors**

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

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**Bankers**

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

**Solicitors**

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

**Investment Managers**

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

**STRUCTURE, GOVERNANCE & MANAGEMENT**

**Governing Document**

PML is a company limited by guarantee governed by its Memorandum and Articles of Association adopted in July 2010 (following changes in both charity and company law) and amended by special resolutions. PML is registered as a charity with the Charity Commission. During the year the Articles were amended by special resolution, such amendments reflecting principally a change in membership eligibility. Members now 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. Trustees must retire after serving a period of five consecutive years, except where such Trustee has been invited, and has agreed to serve, with the approval by resolution of the Trustees and of the members of the Charity, an additional period of office of not more than two years, or if the Trustee is elected as Chairman, whereupon his/her term will be deemed to have recommenced.

The Charity has in place a policy and procedure on the appointment of Trustees. Recruitment of new Trustees is undertaken by the 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](http://www.pml.ac.uk/governance)

**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 the research and knowledge exchange activities undertaken by PML 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 for Society*" and Operating Plan, the most recent set of accounts, as well as various other policy documents. The Company Secretary has overall responsibility for the induction of Trustees. Where specific training is identified as necessary, then this is delivered by internal or external providers, including attendance at seminars or conferences. PML has in place policies on the induction and training of Trustees.

**Evaluation of Board Performance**

As part of good governance practice, an evaluation of Board performance was undertaken during the year by the Trustees. This included an evaluation of the Board of Trustees as a whole in areas such as strategy, risk,

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effectiveness of meetings, relationships; a self-evaluation by individual Trustees and an evaluation of the Chairman. An analysis of the completed evaluation questionnaires was undertaken by the Company Secretary and shared with the Trustees for discussion and action. Actions identified are now being progressed, including better engagement with staff through a programme of activities, and improved understanding of our research through a series of regular scientific presentations.

#### **Organisational Structure**

##### Board of Trustees

The Board of Trustees, which can have up to 11 members, administers 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 84%.

##### 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 are Messrs Dixon (Chair) and Sherrard.
- 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 are Sir James Burnell-Nugent (Chair) and Mrs Timberlake.
- 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 an Annual Statement on Internal Control, reporting to the Board on all areas of PML's operations, including Governance & Management, Financial Management, Research Management and Safety, Health & Environment.

#### **Related Parties**

PML is 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.

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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.

**AIMS & OBJECTIVES FOR PUBLIC BENEFIT**

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

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

To ensure PML's science is of benefit to society, research is focused into the following priority research topics:

- Process understanding and change

PML has an extensive and internationally recognised track record in biogeochemical cycling research. PML's interdisciplinary approach is used to study the chemical and biological processes in the ocean as well as chemical exchanges with the atmosphere, adding valuable data and expert insights to the environmental change knowledge base.

- Human interactions with the marine environment

PML's world-leading research into marine biodiversity, ecosystem function and their interactions is helping to increase understanding of how society is impacting upon the ocean.

- Sustainable marine goods and services

PML's scientists explore the links between marine goods and services and human health in order to understand societal dependence on healthy marine ecosystems. PML's expertise is helping to evaluate the benefit of marine goods and services to society and the associated "cost" if these benefits should change or discontinue in the future due to human activities.

- Opportunities from the marine environment

PML has a world renowned record of exploring innovative and sustainable approaches to help address key societal challenges, such as feeding a growing population, dealing with waste, generating energy and the use of resources.

- Advancing science

PML has over 30 years' experience in developing innovative technologies and techniques and sharing this knowledge with the wider scientific community. These developments have helped advance marine research and society's understanding of the Earth system.

**Ensuring Delivery of Aims and Objectives**

Regular reporting on aims and objectives is undertaken on a quarterly basis by the Chief Executive to the Board of Trustees, with a full review undertaken after the financial year end. New operating objectives are agreed at the beginning of each financial year. The Trustees can confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the Charity and in planning future activities. The Trustees also give due consideration to how these activities contribute to the aims and objectives set.

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

- Achieve at least 125 high quality publications

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- Deliver the specific objectives of commissioned research projects
- Explore fundraising opportunities
- Maximise the impact of its research to demonstrate benefit
- Implement a new website

**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, such as environmental change, biodiversity loss, provision of ecosystem goods and services, and the development of new technologies.

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 leadership in specific areas and its effective knowledge exchange with a variety of stakeholders, including policy makers where PML's independent advice helps to inform decision making that affects society. There are also particular beneficiaries of PML's activities as shown below.

**(1) High Quality Research**

During the calendar year 2013 PML scientists produced a total of 184 publications, 150 of which were peer reviewed papers – a record in PML's history, and 79 of which were first authored (including some data sets). The number of papers was well above target and the average impact factor per paper has increased by 27%. These publications are available to the wider scientific research community to use, as is much of the data from the research undertaken.

In the spirit of sharing research and knowledge with other researchers, collaborators, practitioners and the wider public, one of the projects, led by PML, and recently completed in conjunction with two local partners (both charities), was the creation of an open access repository – the Plymouth Marine Science Electronic Archive <http://plymsea.ac.uk/> - for PML and its partners' research outputs. This enables visitors to the site to download publications, copyright permitting and search for information.

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, for example:

- The Western Channel Observatory <http://www.westernchannelobservatory.org.uk/> is part of an international observation effort to monitor the oceans and supports a globally unique time-series and marine biodiversity reference site. The resulting data are not only valuable to scientific understanding, but also addresses wider societal concerns, such as sustainability, climate change and marine ecosystems. During the year PML added to the observatory's capability with a new buoy, built in collaboration with the UK's Met Office, being deployed at station E1. During the year the Board designated the sum of £250k for an additional new buoy which would provide enhanced capability.
- 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. Further capability in terms of monitoring biological parameters via Bio-Argo floats (autonomous instruments which take measurements as they rise to the surface) will be added thanks to a successful bid for funding.

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- The world-leading ecosystem modelling expertise at PML is helping to advance understanding of (i) the role of ocean biogeochemistry in climate change and (ii) ecosystem responses to climatic change. In spring 2014 PML launched the open source European Regional Seas Ecosystem Model (ERSEM) as part of the NERC funded Shelf Seas Biogeochemistry programme, which enables scientists to make predictions about future conditions and changes within the Earth system under human influences and climate change.
- Data processing undertaken by PML as part of the NERC Earth Observation Data Acquisition and Analysis Service (NEODAAS) <http://www.neodaas.ac.uk/index.php> supports UK research scientists with remote sensing data and information. From 2009-2013 over 180 different users have been supported and advice and training has also been provided to users on remote sensing questions.

The high quality research undertaken and the scientific understanding generated by PML assist government departments and agencies in their decision-making processes. A number of PML's scientists are members of international and national committees, or perform specific roles at an international or national level, including the following:

- European Joint Programme Initiative Oceans Science Advisory Board
- Global Ocean Acidification Observing Network
- Intergovernmental Oceanographic Commission
- Department of Environment, Fisheries and Rural Affairs (Defra) Science Advisory Group
- Marine Renewable Energy Knowledge Exchange Advisory Council
- Marine Science Co-ordination Committee (MSCC)
- UK Biodiversity Science Committee
- UK Carbon Capture and Storage Research Centre Co-ordination Group

PML contributes to policy development by way of its research and specific advice. This year PML also contributed to a number of policy consultations and parliamentary inquiries, examples of which are as follows:-

- Carbon capture and storage
- Food security
- Marine protected areas
- Public understanding of climate change
- Women in science

The quality of PML's research was recognised again, for a third successive year, with two PML scientists being listed first and second for having the most cited articles in the Journal of Experimental Marine Biology and Ecology.

For further information on PML's research activities during the year please see our Annual Review 2013, available on-line at <http://www.pml-ar2013.org/>

**(2) National & International Leadership**

A clear indicator of PML's national and international leadership is its continued success in gaining new commissioned research. A major success for the year was in winning NERC/Defra funding for the Marine Ecosystems Research Programme, not only for research itself but also for knowledge exchange. Equally, there have been successful outcomes for research proposals submitted to the European Space Agency. Moreover, PML was highly successful in the NERC 2013 Big Data capital call, attracting the largest single award for new Bio-Argo floats (see 1 above) and significant investment for large-scale data services and visualisation facilities for Earth observation and model data.

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The research undertaken by PML contributes to greater understanding and better decision-making in order to look after the ocean's precious resources for society into the future. At any one time PML has approximately 80-90 projects underway, differing in size and scope. Below is a small sample of new research projects which commenced during the year:-

- ***Carbon/Nutrient Dynamics and Fluxes of the Shelf System (CANDYFLOSS)***: As the shelf seas are the primary regions of marine resource exploitation by humankind, including both renewable and fossil fuel energy sources, recreation, trade and food production, it is vital to understand how they will respond to change. This project will help predict the impact that environmental and climate change will have upon these highly productive areas, as well as refining future climate and system change forecasting and improving predictive tools for policy makers and other stakeholders.
- ***Decadal change in phytoplankton community ecology through remote sensing (DECIPHER)***: This project will help to aid general understanding of the potential impacts of future environmental change upon food webs and biological and chemical processes, which provide valuable goods and services to society, such as food, energy and minerals.
- ***Radiatively Active Gases from the North Atlantic Region and Climate Change (RAGNARoCC)***: The exchange of natural and man-made gases between the ocean and the atmosphere has profound implications for our environment and this area of science is currently under-researched. Knowing how fast an exchange occurs is also critical for informing both the general public and policy makers, who play central roles in the preservation of the natural environment and the mitigation of climate change.

By undertaking this research PML is able to contribute to and address both national and European policy needs, including the Marine Strategy Framework Directive (MSFD). This Directive aims to achieve Good Environmental Status in Europe's seas by 2020 and protect more effectively the marine environment across Europe for the long-term benefit of society, which mirrors many aims of PML's Strategy "*Science for Society*".

Another indicator of international leadership is the participation by PML scientists in high level meetings on the international stage, which during the year included:

- the UN General Assembly meeting on Oceans & Law of the Sea
- the International Ocean Colour Science Meeting;
- EU-US conference series: Sustainable Oceans – Reconciling Economic Use and Protection
- Workshop on the global assessment of the implications of climate change on the spatial distribution of fish and fisheries

Recognition of the research undertaken by PML scientists was given by the award during the year of the N.K. Panikar medal by the Intergovernmental Oceanographic Commission to Dr Shubha Sathyendranath and the Jawaharlal Nehru Science Fellowship to Prof. Trevor Platt FRS.

Recognition has also been given by PML **winning the Charity Awards 2014 Environment & Conservation category** in relation to its leadership of the Europe-Africa Marine Earth Observation Network (EAMNet) project. EAMNet was a collaborative project linking Earth observation information providers, user networks and centres of excellence in Europe and Africa in the area of coastal and marine observations. It provided African nations with the resources they needed to manage their environment more effectively and ensure long-term sustainable development in the region, to help in the alleviation of poverty.

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### (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. Particular highlights during the year included:-

- **19th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP19) in Warsaw, Poland:** The triple stressors of sea surface warming, ocean acidification and deoxygenation are of global concern and were highlighted as having significant impact upon marine life, ecosystems and human wellbeing.
- **The Parliamentary Scientific Committee discussion meeting on Marine Science:** PML had two speakers at this event, held during National Science & Engineering Week and targeted at parliamentarians and students. The topics covered by PML were "The Role of the Ocean in Securing Sustainable Food for 9 Billion People" and "Ocean Acidification: The Silent Storm". Papers on these will also be included in the May edition of the publication "Science in Parliament".
- **The UK's Marine Management Organisation (MMO) report:** led by PML this report focused on the social impacts of selected marine activities in relation to marine planning and other MMO functions. The report, entitled "Social impacts of fisheries, aquaculture, recreation, tourism and marine protected areas in marine plan areas in England" will be used to support the MMO's objective to "create a new marine planning system designed to integrate the social requirements, economic potential and environmental imperatives of our seas. For further information, please see [www.pml.ac.uk/social-impacts](http://www.pml.ac.uk/social-impacts)
- **The Food & Agriculture Organization Youth and United Nations Global Alliance Ocean Challenge badge:** This is an exciting new way to empower children and young people to play a role in protecting the ocean for future generations. The badge booklet is packed with activities to educate on how the ocean works, the creatures that live in it, and just how important the ocean is in our everyday lives. For further information see [www.pml.ac.uk/ocean-challenge-badge](http://www.pml.ac.uk/ocean-challenge-badge)
- **PML Website:** In February 2014 PML launched its new website, available at [www.pml.ac.uk](http://www.pml.ac.uk) which provides a better user experience and is designed responsively to enable it to be viewed easily on different platforms ranging from PCs to mobile phones. The website is also designed to integrate seamlessly with PML's social media channels.

PML also has a specific commitment to providing a learning environment, which is demonstrated by its involvement in education ranging from PhD studentships to engagement with schoolchildren worldwide by way of lessons across the internet and a National Science & Engineering week event. For further information on PML's educational activities, please see [www.pml.ac.uk/educational](http://www.pml.ac.uk/educational)

To invest in PML and strengthen its capabilities the Board also designated the sum of £600k for six postdoctoral research fellow posts to take up their positions in 2014.

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

## 2. FINANCIAL REVIEW

### (1) Results for the year

Net incoming resources for the year amounted to £206,582 (2013 - £511,643). Whilst it has been a challenging year, the Trustees are pleased to report that results are very much in line with expectations. After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to £295,405 (2013 - £752,632).

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Investment in the future is also important and a crucial part of this was a complete refurbishment of PML's server room during the year, doubling its footprint and providing the essential infrastructure upgrades necessary to house the planned installation of a new next generation High Performance Computer. Other investment has been made in facilities within PML's building.

**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, and report its findings, identifying the major risks, to the Trustees for their review. During the year the Audit & Finance Committee also reviewed the risk register in detail and presented to the Board those risks of greatest significance to PML.

In terms of the principal risks and uncertainties that are faced by PML, these relate primarily to future funding including from the NERC, specifically National Capability funding. NERC, as part of Research Councils UK, is funded by the Department for Business, Innovation & Skills, and hence under pressure from reductions in government funding.

**(2) Reserves policy**

A reserves policy was developed and adopted by PML in its first year of operation and subsequently revised. The reserves policy underwent a thorough review during 2012. 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. During the year the Trustees made additional designations of £600k for postdoctoral research fellows and £250k for a new buoy to provide additional capability.

Bank balances decreased over the year from £3.9m to £3.2m. This figure includes £1.5m (2013 £1.4m) 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 commissioned research of £5.6m from a variety of customers, including the Biotechnology and Biological Sciences Research Council BBSRC, the European Commission, NERC and the European Space Agency, and the NERC Research Programme and National Capability funding, amounting to £3.9m. The income has enabled PML to undertake strategic and applied research, generating knowledge and publications, as well as carrying out the activities listed under Achievements and Performance.

Against a background of 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 £6m.

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**(4) Investment policy**

PML's investment policy underwent some minor amendments, having been redrafted in early 2012 following changes to the Charity Commission guidance. 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 quarterly 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 £60k (2013 loss £170k), and generated £52k (2013 £60k) of income for PML.

**4. PLANS FOR FUTURE PERIODS**

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

- Develop a new strategy for 2015-19
- Produce high quality publications
- Deliver the specific objectives of commissioned research projects
- Maximise the impact of our research to demonstrate benefit
- Evaluate and deliver appropriate accreditation systems to improve business efficiency
- Develop opportunities for graduate and post-graduate training

**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.

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**COMPLETENESS OF INFORMATION TO AUDITORS**

So far as each Trustee listed on page 2 above is aware:

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

The Trustee's report, incorporating the Strategic Report on pages 6 to 12 was approved by the Trustees and signed on their behalf by:

..... (Chairman)

Date: 2014

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

We have audited the financial statements of Plymouth Marine Laboratory for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective Responsibilities of Trustees and Auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, 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 2014, and of the incoming resources and application of resources of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

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

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

.....

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE  
ACCOUNT)  
YEAR ENDED 31 MARCH 2014**

	Notes	Unrestricted Funds General	Designated	Restricted Funds	Total 2014	Total 2013
		£	£	£	£	£
<b>Income resources</b>						
Incoming resources from charitable activities:						
NERC (NC & RP)*	3	-	-	3,886,000	3,886,000	4,148,004
Research Income		-	-	5,639,420	5,639,420	5,513,915
Deferred income on capital expenditure		-	-	342,290	342,290	612,497
Other income	4	635,920	-	-	635,920	586,345
		<u>635,920</u>	<u>-</u>	<u>9,867,710</u>	<u>10,503,630</u>	<u>10,860,761</u>
Incoming resources from generating funds:						
Commercial trading operations	5	306,844	-	-	306,844	311,534
Bank interest and investment income		86,550	-	-	86,550	101,768
Total incoming resources		<u>1,029,314</u>	<u>-</u>	<u>9,867,710</u>	<u>10,897,024</u>	<u>11,274,063</u>
<b>Resources expended</b>						
Costs of generating funds:						
Commercial trading activities	5	223,271	-	-	223,271	479,827
Investment management costs		14,621	-	-	14,621	14,001
Costs of charitable activities:						
Research activities	6	-	62,268	8,637,618	8,699,886	8,712,210
Management and administration of the charity	7	456,624	-	1,230,092	1,686,716	1,489,466
Governance costs	9	65,948	-	-	65,948	66,916
Total resources expended		<u>760,462</u>	<u>62,268</u>	<u>9,867,710</u>	<u>10,690,442</u>	<u>10,762,420</u>
Net incoming resources/(resources expended) before transfers		<u>268,852</u>	<u>(62,268)</u>	<u>-</u>	<u>206,582</u>	<u>511,643</u>

\* NC = National Capability. RP = Research Programme.

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 MARCH 2014**

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2014 £	Total 2013 £
Transfers between funds	23	(850,000)	850,000	-	-	-
Net Incoming resources before other recognised gains/(losses)		(581,150)	787,732	-	206,582	511,643
Net unrealised gains/(losses) on investments	14	88,823	-	-	88,823	240,989
Net movement in funds		(492,327)	787,732		295,405	752,632
Fund balances brought forward At 31 March 2013		3,673,071	997,188	-	4,670,259	3,917,627
Fund balances carried forward At 31 March 2014		3,180,744	1,784,920	-	4,965,664	4,670,259

All of the above results are derived from continuous activities. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises net incoming resources for the year plus share of realised gains/losses in associates and was £ 206,582 (2013: surplus £511,643).

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

**COMPANY NUMBER: 4178503**

**CONSOLIDATED BALANCE SHEET  
AT 31 MARCH 2014**

		Group		Charity	
	Notes	2014	2013	2014	2013
	£	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12&13	4,621,644	3,506,399	4,618,721	3,503,085
Investments	14	2,698,711	2,749,863	2,698,714	2,749,866
		<u>7,320,355</u>	<u>6,256,262</u>	<u>7,317,435</u>	<u>6,252,951</u>
<b>Current assets</b>					
Debtors	15	3,535,177	2,334,471	3,608,429	2,303,654
Investments-Short term bank deposit	16	1,352,860	1,300,000	1,352,860	1,300,000
Cash at bank and in hand	16	1,837,069	2,575,734	1,573,744	2,524,654
		<u>6,725,106</u>	<u>6,210,205</u>	<u>6,535,033</u>	<u>6,128,308</u>
<b>Creditors: amounts falling due within one year</b>	17	(6,784,839)	(5,982,182)	(6,606,656)	(5,856,299)
<b>Net current assets/(liabilities)</b>		<u>(59,733)</u>	<u>228,023</u>	<u>(71,623)</u>	<u>272,009</u>
<b>Total assets less current liabilities</b>		<u>7,260,622</u>	<u>6,484,285</u>	<u>7,245,812</u>	<u>6,524,960</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(2,294,958)	(1,814,026)	(2,294,958)	(1,814,026)
		<u>4,965,664</u>	<u>4,670,259</u>	<u>4,950,854</u>	<u>4,710,934</u>
<b>Funds</b>					
Unrestricted – general	23	3,180,744	3,673,071	3,165,933	3,713,746
Unrestricted – designated	23	1,784,920	997,188	1,784,920	997,188
Restricted	23	-	-	-	-
		<u>4,965,664</u>	<u>4,670,259</u>	<u>4,950,854</u>	<u>4,710,934</u>

C T Lewis (Chairman)

A Dixon OBE (Trustee)

Date: 2014

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2014**

	<b>Notes</b>	<b>2014</b> £	<b>2013</b> £
<b>Net cash (outflow)/inflow from operating activities</b>	25(a)	(262,190)	1,040,158
<b>Returns on investments and servicing of finance</b>			
Bank interest and investment income received		86,550	101,768
Bank interest payable		(12,504)	(20,428)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(1,596,889)	(343,038)
Capital grants received		1,060,908	318,301
Proceeds from the sale of fixed assets		250	37,483
Payments to acquire investments		(74,756)	(70,471)
Receipts from the sale of investments		214,731	14,001
<b>Management of Liquid Resources</b>			
Short term bank deposit		(52,860)	(800,000)
<b>Financing</b>			
Net Movement in long term borrowings		(101,905)	(91,897)
<b>(Decrease)/increase in cash</b>		<u>(738,665)</u>	<u>185,877</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>Note</b>	<b>2014</b> £	<b>2013</b> £
Increase/(decrease) in cash		(738,665)	185,877
Cash (outflow)/inflow from increase in debt financing		101,905	91,897
Cash outflow from increase in liquid resources		52,860	800,000
Movement in net funds		<u>(583,900)</u>	<u>1,077,774</u>
<b>Net funds at 31 March 2013</b>		3,049,658	1,971,884
<b>Net funds at 31 March 2014</b>	25(b)	<u>2,465,758</u>	<u>3,049,658</u>

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**1. Accounting policies**

**(a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention except for assets included at revalued amounts. The financial statements have been prepared in accordance with applicable Accounting Standards, the Companies Act 2006 and with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 with the exception that grants in respect of capital expenditure are deferred and released to the Statement of Financial Activities over the expected useful lives of the relevant assets to which they relate. This treatment is in line with other similarly funded institutions including Universities.

**(b) Group Accounts**

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

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

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

**(c) Fixed Assets and Depreciation**

Capital purchases are only capitalised in the Balance Sheet if their cost is £3,000 or more.

Tangible fixed assets are included at their historical cost.

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

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

Fixed assets are depreciated in the month of acquisition, but are not depreciated in the month of disposal. In accordance with the provisions of FRS 15 paragraph 83, the components of assets with substantially different economic lives are accounted for separately for depreciation purposes and depreciated over their individual useful economic lives.

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**1. Accounting policies (continued)**

**(d) Incoming Resources**

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

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

**(e) Resources expended**

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

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

**(f) Research and Development and Patents**

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

**(g) Intellectual Property**

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

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**1. Accounting policies (continued)**

**(h) Foreign Currencies**

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

**(i) Pensions**

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

**(j) Valued Added tax**

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

**(k) Stocks**

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

**(l) Investments**

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

**(m) Goodwill**

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

**(n) Fund accounting**

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

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

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

**(o) Operating leases**

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

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**1. Accounting policies (continued)**

**(p) Deferred Taxation**

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

**2. Income**

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

**3. Charitable income**

	<b>2014</b>	<b>2013</b>
	£	£
NERC Funding (National Capability & Research Programme)	3,886,000	4,148,004
	<u>                    </u>	<u>                    </u>

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

**4. Other income**

	<b>2014</b>	<b>2013</b>
	£	£
Reimbursements	123,101	83,385
VAT recoverable (due to partial exemption)	25,900	20,305
Rents receivable	3,936	3,840
POGO (*) – charges for secretariat services	124,276	80,000
Marine Biological Association – charge for infrastructure	148,000	148,000
Profit on disposal of fixed assets	250	37,483
Doctoral training grants	167,597	167,584
Science Services	14,067	-
Publications	23,698	-
Others	5,095	45,748
	<u>                    </u>	<u>                    </u>
	<u>635,920</u>	<u>586,345</u>

(\*) Partnership for Observation of the Global Oceans

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**5. Commercial trading operations**

A summary of the trading for the wholly owned trading subsidiary, PML Applications Ltd is shown below. Turnover includes £117,446 (2012 £126,394) generated from services provided to the parent charity. Cost of sales and administrative expenses include £145,541 (2013 £133,030) recharged by the parent charity.

<b>Summary profit and loss account</b>	<b>2014</b>	<b>2013</b>
	£	£
Turnover	424,290	437,928
Cost of sales and administrative expenses	(365,989)	(613,938)
Other income, including interest receivable	2,177	6,081
	<u>60,480</u>	<u>(169,929)</u>
Operating profit/(loss)		
Interest payable on loan	(5,000)	(5,000)
	<u>55,480</u>	<u>(174,929)</u>

The assets and liabilities of the subsidiary were:

Fixed assets	2,928	3,319
Current assets	365,285	251,246
Current liabilities	(353,400)	(195,232)
Creditors: amounts falling due after more than one year	(100,000)	(200,000)
	<u>(85,187)</u>	<u>(140,667)</u>
Total net (liabilities)/ assets		
	<u>(85,187)</u>	<u>(140,667)</u>

**6. Charitable expenditure – research activities**

	<b>2014</b>	<b>2013</b>
	£	£
Wages and salaries to research staff	5,182,093	5,043,401
Recurrent costs:		
Science	1,959,760	1,857,240
Science support	1,079,413	1,234,309
Depreciation	478,620	577,260
	<u>8,699,886</u>	<u>8,712,210</u>
Split: Designated unrestricted Funds	62,268	88,269
Restricted Funds	8,637,618	8,623,941
	<u>8,699,886</u>	<u>8,712,210</u>

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**7. Management and administration of the charity**

	<b>2014</b>	<b>2013</b>
	£	£
Senior management and administrative salaries, wages and employee costs	923,897	970,360
Administration costs	762,819	519,106
	<u>1,686,716</u>	<u>1,489,466</u>
Split: General Unrestricted Funds	456,624	-
Restricted Funds	1,230,092	1,489,466
	<u>1,686,716</u>	<u>1,489,466</u>

**8. Staff costs**

	<b>2014</b>	<b>2013</b>
	£	£
Wages and salaries	5,569,568	5,149,455
Social security costs	517,988	504,558
Other pension costs	670,810	669,255
	<u>6,758,366</u>	<u>6,323,268</u>

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

	<b>2014</b>	<b>2013</b>
	No	No
Permanent staff : Science and support	124	125
Senior management and administration	27	27
	<u>151</u>	<u>152</u>
Temporary staff	19	14
	<u>170</u>	<u>166</u>

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

	<b>2014</b>	<b>2013</b>
	No	No
£60,000-£69,999	4	6
£70,000-£79,999	1	2
£80,000-£89,999	1	1
£100,000-£109,999	-	-
£110,000-£119,999	1	1

For the above staff £68,462 (2013 : £91,597) was paid into pension schemes.

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**9. Governance costs**

	<b>2014</b>	<b>2013</b>
	£	£
External audit – Charity	14,940	14,520
Board of Trustees', sub-committee and associated meetings	21,236	13,569
Strategic management	24,880	31,062
Statutory accounts	4,892	7,765
	<u>65,948</u>	<u>66,916</u>

**10. Net incoming resources**

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

	<b>2014</b>	<b>2013</b>
	£	£
Auditors' remuneration (group) – audit	16,140	15,720
– other – taxation and grant audits etc.	11,567	32,226
Depreciation of owned fixed assets	481,644	604,549
Operating lease rental – land and buildings	56,135	30,157
Deferred grants released	(345,604)	(619,208)
Net gains/(losses) on foreign currency transactions	11,728	18,497
	<u>11,728</u>	<u>18,497</u>

**(b) Trustees emoluments**

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

Trustees expenses amounting to £14,006 (2013: £13,569) were reimbursed during the year

**11. Taxation**

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

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**12. Tangible fixed assets**

<b>Group</b>	<b>Leasehold Land and Buildings</b>	<b>Plant and Scientific Equipment</b>	<b>Ships and Vehicles</b>	<b>Total</b>
	£	£	£	£
<b>Cost</b>				
At 31 March 2013	2,276,286	5,521,254	777,898	8,575,438
Additions	386,721	1,210,168	-	1,596,889
Disposals and assets written off	-	(17,554)	-	(17,554)
At 31 March 2014	<u>2,663,007</u>	<u>6,713,868</u>	<u>777,898</u>	<u>10,154,773</u>
<b>Depreciation</b>				
At 31 March 2013	160,912	4,588,388	319,739	5,069,039
Charge for the year	90,875	343,458	47,311	481,644
Disposals and assets written off	-	(17,554)	-	(17,554)
At 31 March 2014	<u>251,787</u>	<u>4,914,292</u>	<u>367,050</u>	<u>5,533,129</u>
<b>Net book amounts</b>				
At 31 March 2014	<u>2,411,220</u>	<u>1,799,576</u>	<u>410,848</u>	<u>4,621,644</u>
At 31 March 2013	<u>2,115,374</u>	<u>932,866</u>	<u>458,159</u>	<u>3,506,399</u>

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**13. Tangible fixed assets (continued)**

**Charity**

	<b>Leasehold Land and Buildings</b>	<b>Plant and Scientific Equipment</b>	<b>Ships and Vehicles</b>	<b>Total</b>
	£	£	£	£
<b>Cost</b>				
At 31 March 2013	2,276,286	5,489,889	777,898	8,544,073
Additions	386,721	1,207,466	-	1,594,187
Disposals and assets written off	-	(17,554)	-	(17,554)
At 31 March 2014	<u>2,663,007</u>	<u>6,679,801</u>	<u>777,898</u>	<u>10,120,706</u>
<b>Depreciation</b>				
At 31 March 2013	160,912	4,560,337	319,739	5,040,988
Charge for the year	90,875	340,365	47,311	478,551
Disposals and assets written off	-	(17,554)	-	(17,554)
At 31 March 2014	<u>251,787</u>	<u>4,883,148</u>	<u>367,050</u>	<u>5,501,985</u>
<b>Net book amounts</b>				
At 31 March 2014	<u>2,411,220</u>	<u>1,796,653</u>	<u>410,848</u>	<u>4,618,721</u>
At 31 March 2013	<u>2,115,374</u>	<u>929,552</u>	<u>458,159</u>	<u>3,503,085</u>

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

<b>14. Investments Group and Charity</b>	<b>Investments</b>
	£
Market value at 31 March 2013	2,749,863
Additions	74,756
Disposals	(200,000)
Investment manager fee	(14,731)
Unrealised gains	88,823
	<hr/>
Market value at 31 March 2014	2,698,711
	<hr/> <hr/>
	£
Historical cost at 31 March 2014	2,240,202
	<hr/> <hr/>
Historical cost at 31 March 2013	2,166,413
	<hr/> <hr/>
<b>Charity</b>	
	<b>Investment in subsidiaries</b>
	£
Cost At 31 March 2014	100,003
	<hr/>
Net book value At 31 March 2013 and 2014	3
	<hr/> <hr/>

The trustees reviewed the carrying value of the investment in its subsidiary, PML Applications Limited, and wrote down the carrying value down by £100,000 in 2012/13.

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

**NOTES TO THE ACCOUNTS  
AT 31 MARCH 2014**

**14. Investments (continued)**

The subsidiary and associate undertakings at 31 March 2014 were:

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

(\*) 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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**15. Debtors**

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	961,604	502,204	915,553	429,058
Amounts owed by subsidiary undertaking and associates	-	-	118,356	135,592
Accrued income	2,325,893	1,494,039	2,323,659	1,409,444
Other debtors	12,084	4,230	12,084	3,622
VAT	-	19,255	3,181	19,255
Prepayments	235,596	314,743	235,596	306,683
	<u>3,535,177</u>	<u>2,334,471</u>	<u>3,608,429</u>	<u>2,303,654</u>

Included in amounts owed by the subsidiary undertaking is £100,000 (2013 £100,000) due after more than one year.

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

Included in short term deposits of £1,352,860 and cash at bank and in hand of £1,837,069 at 31 March 2014 is £1,465,038 held on behalf of other project partners for distribution in due course, and for which a corresponding creditor is included in Note 17 within 'Other Creditors'.

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

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Trade creditors	501,190	505,354	499,787	486,262
Amounts owed to subsidiary undertaking and associates	-	-	53,683	33,757
Other creditors	1,487,868	1,424,086	1,460,865	1,424,086
Deferred income	3,287,185	2,793,855	3,101,503	2,727,269
Deferred capital grants (note 19)	458,877	326,410	458,877	323,097
Accruals	786,952	673,204	778,405	627,328
Loans (note 20)	89,964	89,964	89,964	89,964
PAYE and other taxes	168,771	149,459	163,572	144,536
VAT	4,032	19,850	-	-
	<u>6,784,839</u>	<u>5,982,182</u>	<u>6,606,656</u>	<u>5,856,299</u>

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

	<b>Group</b>		<b>Charity</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	£	£	£	£
Deferred capital grants (note 19)	1,660,751	1,077,914	1,660,751	1,077,914
Loans (note 20)	634,207	736,112	634,207	736,112
	<u>2,294,958</u>	<u>1,814,026</u>	<u>2,294,958</u>	<u>1,814,026</u>
	=====	=====	=====	=====

**19. Deferred capital grants**

	<b>Group</b>		<b>Charity</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	£	£	£	£
Amounts to be released:				
Within one year	458,877	326,410	458,877	323,097
In two to five years	1,028,030	629,610	1,028,030	629,610
In over five years	632,721	448,304	632,721	448,304
	<u>2,119,628</u>	<u>1,404,324</u>	<u>2,119,628</u>	<u>1,401,011</u>
	=====	=====	=====	=====

Deferred capital grants are analysed as follows:-

Current obligations (note 17)	458,877	326,410	458,877	323,097
Non-current obligations (note 18)	1,660,751	1,077,914	1,660,751	1,077,914
	<u>2,119,628</u>	<u>1,404,324</u>	<u>2,119,628</u>	<u>1,401,011</u>
	=====	=====	=====	=====

Analysis of changes in deferred capital grants during the year:

At 31 March 2013	1,404,324	1,705,231	1,401,011	1,695,207
Received during the year	1,060,908	318,301	1,060,908	318,301
Released during the year	(345,604)	(619,208)	(342,291)	(612,497)
At 31 March 2014	<u>2,119,628</u>	<u>1,404,324</u>	<u>2,119,628</u>	<u>1,401,011</u>
	=====	=====	=====	=====

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**20. Loans**

	<b>Group</b>		<b>Charity</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	£	£	£	£
Bank Loans are analysed as follows:-				
Current obligations (note 17)	89,964	89,964	89,964	89,964
Non-current obligations (note 18)	634,207	736,112	634,207	736,112
	<u>724,171</u>	<u>826,076</u>	<u>724,171</u>	<u>826,076</u>
Amounts repayable				
Within one year	89,964	89,964	89,964	89,964
In two to five years	395,856	359,856	395,856	395,856
In over five years	238,351	376,256	238,351	376,256
	<u>724,171</u>	<u>826,076</u>	<u>724,171</u>	<u>826,076</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.

**21. Called up share capital**

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

**22. Other financial commitments**

At 31 March 2014 the charity had annual commitments under non-cancellable operating leases as set out below:-

	<b>Land &amp; Buildings</b>		<b>Other</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	-	9,283
In two to five years	32,357	30,157	74,776	31,607
Over 5 years	-	-	11,733	-
	<u>32,357</u>	<u>30,157</u>	<u>86,509</u>	<u>40,890</u>

At 31 March 2014 the charity had outstanding forward currency contracts amounting to €1,060,000 (2013: €nil). Comparison of the year end spot rate with contracted rates presents a valuation differential as an asset of £6,143 (2013: £nil).

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**NOTES TO THE ACCOUNTS  
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**23. Statement of funds**

Group	Balance at	Movement in resources		Transfer	Balance at
	31.03.13	incoming	outgoing		31.03.14
	£	£	£	£	£
<b>Unrestricted funds – general</b>	3,673,071	1,118,137	(760,464)	(850,000)	3,180,744
<b>Unrestricted funds – designated</b>					
- Research Fellows	-	-	-	600,000	600,000
- Lecture theatre	445,188	-	(38,268)	-	406,920
- Head lease	552,000	-	(24,000)	-	528,000
- Scientific facilities (buoy)	-	-	-	250,000	250,000
	<u>997,188</u>	<u>-</u>	<u>(62,268)</u>	<u>850,000</u>	<u>1,784,920</u>
<b>Restricted funds</b>	-	9,867,710	(9,867,710)	-	-
Total funds	<u>4,670,259</u>	<u>10,985,847</u>	<u>(10,690,442)</u>	<u>-</u>	<u>4,965,664</u>
	<u><u>4,670,259</u></u>	<u><u>10,985,847</u></u>	<u><u>(10,690,442)</u></u>	<u><u>-</u></u>	<u><u>4,965,664</u></u>
<b>Charity</b>					
	<b>Balance at</b>	<b>Movement in resources</b>		<b>Transfer</b>	<b>Balance at</b>
	<b>31.03.13</b>	<b>incoming</b>	<b>outgoing</b>		<b>31.03.14</b>
	£	£	£	£	£
<b>Unrestricted funds – general</b>	3,713,746	811,293	(509,105)	(850,000)	3,165,934
<b>Unrestricted funds – designated</b>					
- Research Fellows	-	-	-	600,000	600,000
- Lecture theatre	445,188	-	(38,268)	-	406,920
- Head lease	552,000	-	(24,000)	-	528,000
- Scientific facilities (buoy)	-	-	-	250,000	250,000
	<u>997,188</u>	<u>-</u>	<u>(62,268)</u>	<u>850,000</u>	<u>1,784,920</u>
<b>Restricted funds</b>	-	9,867,710	(9,867,710)	-	-
Total funds	<u>4,710,934</u>	<u>10,679,003</u>	<u>(10,439,083)</u>	<u>-</u>	<u>4,950,854</u>
	<u><u>4,710,934</u></u>	<u><u>10,679,003</u></u>	<u><u>(10,439,083)</u></u>	<u><u>-</u></u>	<u><u>4,950,854</u></u>

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

	<b>Unrestricted General</b>	<b>Unrestricted Designated</b>	<b>Total</b>
	£	£	£
Tangible fixed assets	4,621,644	-	4,621,644
Investments	913,791	1,784,920	2,698,711
Net current assets	(59,733)	-	(59,733)
Long term liabilities	(2,294,958)	-	(2,294,958)
	<u>3,180,745</u>	<u>1,784,920</u>	<u>4,965,664</u>

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

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

	<b>2014</b>	<b>2013</b>
	£	£
Net incoming resources for the year	206,582	511,643
Depreciation	481,644	604,549
Deferred government grants released	(345,604)	(619,208)
Decrease/(increase) in debtors	(1,200,706)	(825,595)
Increase in creditors	670,190	1,487,592
Bank interest and investment income receivable	(86,550)	(101,768)
Bank interest payable	12,504	20,428
(Profit)/loss on disposal of fixed assets	(250)	(37,483)
Net cash (outflow)/inflow from operating activities	<u>(262,190)</u>	<u>1,040,158</u>

**(b) Analysis of net funds**

	<b>At 31 March 2013</b>	<b>Cash flow</b>	<b>At 31 March 2014</b>
	£	£	£
Cash at bank and in hand	2,575,734	(738,665)	1,837,069
Liquid resources-short term deposits	1,300,000	52,860	1,352,860
Loans	(826,076)	101,905	(724,171)
	<u>3,049,658</u>	<u>(583,900)</u>	<u>2,465,758</u>

See note 16 for details of restrictions over the use of short term deposits and cash balances held at the year end.

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**26. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £Nil for the Charity and Group (2013: £Nil for Charity and Group).

**27. Related party transactions**

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

**28. Pension commitments**

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

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