

PML

Plymouth Marine
Laboratory

Plymouth Marine Laboratory

(A company limited by guarantee)

Annual Report and Financial Statements Year Ended 31 March 2021

Company registration number: 4178503

Charity registration number: 1091222

Plymouth Marine Laboratory

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Plymouth Marine Laboratory

Reference and Administrative Details

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|-------------------------------|--|
| Chairman | Admiral Sir J Burnell-Nugent KCB, CBE |
| Directors and Trustees | Admiral Sir J Burnell-Nugent KCB, CBE N J Godefroy Prof T D Jickells OBE Dr B MacKenzie Prof R F Rayner J E Timberlake Prof B B Ward M J Butcher N B Buckland OBE P R James |
| Patron | James Cameron - explorer, environmentalist and renowned filmmaker |
| Senior Management Team | Prof J I Allen, Chief Executive B K Tremain, Director of Operations & Company Secretary Prof S Widdicombe, Deputy Chief Executive & Director of Science S Coughlin, Head of Financial Services J Davy, Head of Human Resources T Smyth, Head of Science |
| Principal Office | Prospect Place The Hoe Plymouth PL1 3DH |

The charity is incorporated in England and Wales.

Plymouth Marine Laboratory

Reference and Administrative Details

Company Registration Number 4178503

Charity Registration Number 1091222

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

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

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

Auditor PKF Francis Clark
North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Plymouth Marine Laboratory

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 March 2021.

Trustees

- Admiral Sir J Burnell-Nugent KCB, CBE
- N J Godefroy
- Prof T D Jickells OBE
- Dr B MacKenzie
- Prof R F Rayner
- J E Timberlake
- Prof B B Ward
- M J Butcher (appointed 13 May 2020)
- N B Buckland OBE
- P R James (appointed 28 January 2021)

OBJECTIVES & ACTIVITIES

PML's mission is to pursue research excellence, enhancing its position as a world leader in the field of marine science to support its vision of a healthy and sustainable ocean through the delivery of impactful, cutting edge environmental and social science.

PML's vision is set in the context of the United Nations' Sustainable Development Goals (SDGs), and the "double decade" of action: The Decade of Ocean Science for Sustainable Development, and The Decade of Ecosystem Restoration".

PML's strategy (2020-2025), launched on World Oceans Day 2020, sets out its strategic aims collated under four strategic priorities as follows:

1) **Science Excellence & Impact:** PML will continue to deliver its internationally recognised world-leading expertise focused on five new Science to Impact challenges:

- Understand and mitigate climate change
- Improve sustainability of fisheries and aquaculture
- Encourage cleaner seas for nature and society
- Combat biodiversity loss
- Develop marine autonomy, technology and digitization

2) **Business Excellence:** ensuring PML is an effective, efficient and sustainable business.

3) **Social Responsibility:** engaging and supporting our internal and external communities.

4) **Environmental Responsibility:** PML has a duty to take a leadership role in environmental responsibility and to reduce the impact of its activities on the environment.

Plymouth Marine Laboratory

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Ensuring Delivery of Objectives

Regular reporting against each of the strategic priorities 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 mapped onto each strategic priority are agreed at the beginning of each financial year. Specific operating objectives for this year in the light of the covid-19 pandemic included:

- Maximise research project delivery for our customers/beneficiaries, and to ensure financial sustainability
- Maintain and protect key long-term science activities
- Deliver effective and strong communications internally and externally to all our stakeholders
- Provide health and wellbeing support for employees and students
- Undertake a net zero carbon implementation scoping study for PML building.

The Trustees can confirm that they have referred to the guidance provided by the Charity Commission, including the guidance 'public benefit: running a charity (PB2)' when reviewing the aims and objectives of the Charity and in planning future activities. The Trustees also give due consideration to how these activities contribute to the aims and objectives set.

STRATEGIC REPORT FOR THE PURPOSES OF COMPANIES ACT 2006

> **ACHIEVEMENTS AND PERFORMANCE**

Key Achievements for 2020-21 against specific objectives include:

| Objective | Achievement |
|--|--|
| Maximise research project delivery for our customers/beneficiaries, and to ensure financial sustainability | A plan was developed, trialled and fully implemented enabling laboratory and local fieldwork to be resumed under covid-safe measures. The majority of research projects were able to be progressed through remote working, meeting the requirements of our customers/beneficiaries, and ensuring financial sustainability. |
| Maintain and protect key long-term science activities | Through good planning and health and safety measures, regular sampling in the Western Channel Observatory was undertaken, hence maintaining this important time series to understand the marine ecosystem. Long-term experiments were also maintained. |
| Deliver effective and strong communications externally to all our stakeholders | PML's communications team maintained a steady flow of news stories and social media to engage with stakeholders. Advertising value equivalency for the year was £21.6M (global) and £15.5M (UK), a significant increase on the previous year. |

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Trustees' Report

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| Provide health and wellbeing support for employees and students | Significant effort went into ensuring our staff and students were supported during the challenges of the pandemic and resultant lockdowns. A number of support mechanisms and schemes were implemented, including a helpline (external provider), mental health awareness training, guidance, pulse surveys and a buddy system. An assessment against ISO 45001 (Health & Safety) concluded that PML had been trailblazing in its handling of mental health during the pandemic. |
| Undertake a net zero carbon implementation scoping study for PML building | Thanks to funding from the Natural Environment Research Council (NERC) a heat/energy feasibility study was undertaken, with a report containing various options produced in March 2021. A recommendation will be made to the Board on options to pursue, and funding sources will be identified. In addition as a result of funding from the National Centre for Earth Observation, a solar panel installation to offset carbon generated by a new micro-datacentre has been commissioned. |

Other examples of PML's performance, mapped against PML's strategic priorities, are provided below:

Strategic Priority 1: Science Excellence & Impact

- **Science Excellence:** Citation analysis, covering the period 2016-2020, shows 5% of PML papers were in the top 1% of the most cited environmental science papers in the world. Two of PML's scientists, Prof. Pennie Lindeque and Dr Matt Cole, were named on the annual Highly Cited researchers list from Clarivate and more recently PML's Dr Shubha Sathyendranath and the late Prof. Trevor Platt FRS are shown amongst the world's top climate scientists (Reuters Hot List). Prof. Nicola Beaumont was appointed to the Natural Environment Research Council (NERC) Science Committee.
- **NERC Research Excellence Framework assessment:** PML was part of this exercise, which included other national Centres in receipt of NERC National Capability funding. PML scored more highly than any other Centre on the impact category, demonstrating the reach and significance of the impact from its research. All of the impact case studies provided by PML were judged to have outstanding or very considerable impact. The majority of PML's research papers selected for submission were considered to be internationally excellent. Further information can be found here (https://www.pml.ac.uk/News_and_media/News/Science_with_impact_at_PML).

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- **New infrastructure/equipment:** Installation and commissioning of the state-of-the-art Massive GPU cluster for Earth Observation (MAGEO): funded by the NERC Earth Observation Data and Acquisition and Analysis Service (NEODAAS), MAGEO is an incredibly power computer applying artificial intelligence algorithms to Earth Observation data to support research on inter alia microplastic detection, habitat mapping and oil spills. Further information, including on how MAGEO supported covid-19 medical research efforts, can be found here (https://www.pml.ac.uk/News_and_media/News/New_capability_for_developing_environmental_intel). PML was also successful in winning funding for a five-metre AutoNaut uncrewed surface vessel which is propelled by wave motion and powered by 300W solar panels, and four autonomous underwater robots which, together with existing infrastructure and high speed above-water communications (all part of Smart Sound Plymouth), will deliver an unprecedented understanding of the Western Channel off Plymouth.

Plans are also under development to replace PML's research vessel, the Plymouth Quest, with a more environmentally sustainable, vessel with innovative (including autonomous) features.

- **Science highlights:** PML researchers produced 181 peer-reviewed papers during this financial year of which 60 were first-authored. Some highlights from projects undertaken during the year are given below:
 - **Plastics from Space:** Research led to the publication in April 2020 in Scientific Reports of a pioneering technique to detect plastics floating on the sea surface analysing data from the European Space Agency's Sentinel-2 satellites. Dr Lauren Biermann, who led the publishing of the method, has since won the Science category of the Ocean Awards 2021 (awarded by Blue Marine Foundation & BOAT International). Further work is planned in this area, subject to obtaining funding.
 - **Plastics & Mussel Power:** a project funded by the Waitrose Plan Plastic, in partnership with environmental charity Hubbub, demonstrated the potential of mussels to help stem the flow of microplastics from polluted estuaries and coastal water, paving the way for this nature-based solution to be deployed - see <https://www.youtube.com/watch?v=uCi4cVmZrIU>. Further research into nature-based solutions to the problem of microplastics is essential.
 - **Marine Protected Areas:** PML researcher, Dr Angus Atkinson, co-authored a paper with scientists from China, the UK and Italy, based on research supported by the Worldwide Fund for Nature (WWF) on "refuges" for Antarctic krill in the Indian and Pacific sectors of the Southern Ocean following habitat degradation in the Atlantic sector. Further research on the identification of key spawning grounds for Antarctic krill, which are the primary food source to many iconic species such as whales and penguins, is absolutely critical.
- **Partnerships:** PML has progressed partnerships at the local, regional, national and international level, including with
 - The University of Plymouth and the Marine Biological Association of the United Kingdom, through joint efforts as Marine Research Plymouth, to improve interactions and visibility of Plymouth marine science, e.g. UN Decade of Ocean Science activities;
 - With the University of Exeter and the Met Office on the Joint Centre for Excellence in Environmental Intelligence, and
 - With various international partners working towards events at the UN Framework Convention on Climate Change COP26 meeting in Glasgow in November 2021.

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Strategic Priority 2: Business Excellence

- **Operations Strategy (2020-2025)** : an overarching strategy for the Operations Team was developed, with a vision to provide excellent customer service at every level, meeting the requirements of PML's stakeholders.
- **Modernisation of IT platforms**: PML's IT Group accelerated the roll-out of Microsoft 365, which facilitated remote working for its staff and also engagement with users and beneficiaries of PML's research.
- **Industrial & Academic partnerships**: PML, through its Smart Sound Plymouth initiative, has been involved in discussions with partners at the regional and national level on development of this testbed, including commercial opportunities for PML's trading subsidiary.
- **Quality Assurance**: PML has maintained certification to the ISO9001 Quality Management Standard.

Strategic Priority 3: Social Responsibility

- **Equality, Diversity & Inclusion (EDI)** : Good progress has been made in this area, including revision of PML's EDI policy, setting out our commitments to deliver best practice in line with the UN Sustainable Development Goals to reduce inequality and support gender equality. An LGBT+ Allies network was established to raise awareness and promote inclusivity and other initiatives have included unconscious bias training, and the promotion of international equality events. PML is also seeking funding for an internship programme that will enable talented students from less privileged backgrounds to gain valuable research experience and help them to pursue a scientific career.
- **Health & Safety**: PML has maintained certification to the ISO45001 Health and Safety Management Standard. PML's handling of covid-19 was commended and its support of staff and students' mental health and wellbeing was described by the external assessor as trailblazing.
- **Education**: Due to lockdown a "remote PhD Open Day" was successfully held in November for which a virtual tour of PML was produced. In the last year PML hosted 18 PhD students. PML has also continued to work with the Connect Academy Trust on the development of an ocean curriculum and funding is being sought for this important activity. PML's apprenticeship programme, which commenced in 2016, has been developed further, with its ship apprentice in her second year, and the recruitment of an IT apprentice.

Strategic Priority 4: Environmental Responsibility

- **Improvements to buildings & estate**: PML has produced a biodiversity action plan and implemented a number of measures including the planting of native hedging and wildflower garden, and the introduction of bird boxes and feeding stations. Improvements to the building to reduce PML's carbon footprint have included the installation of solar panels and LED lighting.
- **Aiming towards Net Zero Carbon**: PML has purchased software in order to record our emissions under scope 1 (direct emissions from owned or controlled sources, scope 2 (indirect emissions from the generation of purchased electricity, heating and cooling) and scope3 (all other indirect emissions from our supply chain), and to take mitigating actions to reduce its carbon footprint.

The Trustees recognise the significant efforts and achievements of the staff during a most challenging year, and would like to thank them for their contributions.

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FINANCIAL REVIEW

1. Results for the year

Net income for the year amounted to £722k (2020 net income - £687k), £423k of which relates to the release of provisions against projects that have been completed in prior financial years. After adjusting for realised and unrealised investment gains, the net movement in funds for the year amounted to an income of £1,473k (2020: income - £463k). The total funds carried forward remain in a net asset position of £8,024k (2020: funds carried forward - £6,553k).

PML was provided with a grant of £275k by UK Research & Innovation, supporting those projects affected by the pandemic. Due to this grant and its financial position overall, PML did not need to make use of other government covid-19 financial support mechanisms provided to businesses.

PRINCIPAL RISKS AND UNCERTAINTIES

1. Risk Management

A risk management policy was developed and adopted by PML in its first year of operation and is reviewed annually by the Board. 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 risk and uncertainties faced by PML relate primarily to the covid-19 pandemic. There has been some impact on research activities and hence consequential impact upon income. There have also been delays to decisions by funding bodies, which cause uncertainty. However, a greater perceived risk from continued remote working caused by sustained periods of lockdown is that of stifling of creativity. With the ease of lockdown in the UK, the vaccination roll-out and PML's plan for hybrid working, sufficient mitigation is in place to largely address this risk. However, the potential for covid variants and resulting lockdowns in the UK could still have impacts both on research activities, income and creativity.

A more immediate risk, which materialised in late March, is that of the UK government's cuts to the Official Development Assistance (ODA) budget, which has led to the reduction of funding of certain research projects, resulting in an estimated loss of income to PML in FY 2021-22 of £485k. Savings in science and operational budgets are being explored to mitigate these reductions, whilst optimising funding opportunities elsewhere. A further risk from these reductions in funding could be that of reputation with our overseas partners.

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2. Reserves Policy

A reserves policy was developed and adopted by PML in its first year of operation and subsequently revised. The level of free reserves at the year end was £4,374k (2020 - £3,017k). The reserves policy is reviewed annually by the Trustees to ensure it is fit for purpose. The policy provided 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 policy was revised in July 2021 to provide for a level equivalent to 6 months' expenditure. 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 6 months' expenditure, the Trustees would review PML's strategic plan accordingly.

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

Bank balances decreased over the year from £5.1M to £4.9M. There were £156k of funds held for partners.

3. Principal Funding Sources

Income was derived principally from competitive research of £7.5M (2020: £9.6M) from a variety of customers, (including UK Research & Innovation (UKRI), the European Commission, the European Space Agency and Simons Foundation), including over £2M received from sub-contractors (2020:£4M), and the UKRI-NERC National Capability funding, amounting to £3.6M (2020: £3.8M). This income has enabled PML to undertake strategic and applied research, generating knowledge and publications, leading to impact, as well as carrying out the activities listed under Achievements and Performance.

PML scientists have continued their success in terms of winning competitive research funding. New contracts won during the financial year were valued at £4.5M (2020: £4.9M), with a further £276k under negotiation/successful. In addition, NERC has provided capital funding of £700k for autonomous vehicles for the Smart Sound initiative, as well as additional funding for other science equipment and greening initiatives.

4. Investment Policy

PML's investment policy was reviewed in March 2021. PML aims to make investments that have a positive impact on environmental issues, whilst achieving the best financial return. PML's intent is to only invest in sectors or companies that have a clear direction of travel to zero carbon and have addressed their impact on the environment, as well as those companies that demonstrate a green investment policy and have a positive environmental approach.

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.

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5. Trading Subsidiary

PML's trading subsidiary, PML Applications Ltd, reported an operating profit of £233k (2020: £455k), and generated £1.2M (2020: £1.1M) of income for PML. A gift aid payment of £437k was made by PML Applications to PML in the financial year. Following careful consideration, the PML Board of Trustees agreed to accept a deferment of the repayment of the remaining balance of £100k of its loan to PML Applications Ltd for a further year to provide the trading subsidiary with sufficient working capital for future growth.

FUNDRAISING POLICY

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

PLANS FOR FUTURE PERIODS

PML's plans for the future (2021-22 financial year) are as follows:

- Increase the excellence of PML's science and impact
- Optimise local partnership opportunities
- Prioritise PML's international engagement to maximise impact and visibility
- Enhance PML's profile
- Develop and implement an effective and efficient hybrid working plan
- Progress Equality, Diversity and Inclusion (EDI) initiatives
- Put in place a robust methodology system for carbon accounting for the activities of PML Group.

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, most recently 30 April 2021 to reflect EDI language. Responsibility for the overall governance of PML rests with the Board, who are Trustees for the purposes of the Charities Act and Directors for the purposes of the Companies Act. Members of the charity comprise serving Trustees and the serving Chief Executive, each of whom undertakes to contribute such amount as may be required (not exceeding £10) to PML's assets in the event of PML being wound up.

Appointment of Trustees

As laid down in the Articles of Association, the Chair of the Trustees is appointed by the Trustees. Admiral Sir James Burnell-Nugent will be stepping down as Chair at the end of July 2021, having served a six-year term. The Board would like to thank him for his significant contribution to PML both as a Trustee and Chair. A new Chair, Janice Timberlake, has been elected and will take up her appointment from 1 August 2021, having previously served as a Trustee.

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Trustees' Report

Trustees must retire after serving a period of five consecutive years, except where such Trustee has been invited, and has agreed to serve, with the approval by resolution of the Trustees and of the members of the Charity, an additional period of office of not more than two years, or if the Trustee is elected as Chair, whereupon his/her term will be deemed to have recommenced. In exceptional circumstances, Trustees may continue beyond a seven-year period, subject to approval by resolution of the Trustees and of a special resolution by the members of the Charity.

During the year a rigorous review, in line with the requirements of the Charity Governance Code, was undertaken in relation to the renewal of a trusteeship beyond a seven-year period.

PML has in place a policy and procedure on the appointment of Trustees. Recruitment of new Trustees is undertaken by the Board, led by the Chair, using a skills matrix to determine needs. When recruiting a new Trustee, the Board is mindful of the need to ensure a balance of skills, background and diversity.

For details on individual Board members, please see the relevant section on our website at www.pml.ac.uk/governance

Induction and Training of Trustees

PML has in place policies on the induction and training of Trustees. New Trustees undergo an induction into PML, meeting other members of the Board of Trustees, as well as the Senior Management Team and staff to learn about its governance, research, impact, financial performance and infrastructure and also the work of its wholly owned trading subsidiary, PML Applications Ltd. Two new Trustees were remotely inducted during the year. Each Trustee receives an induction programme, which is tailored to suit the expertise of the Trustee and their role on the Board. As part of the formal induction programme, new Trustees receive a comprehensive induction pack containing various documents relating to PML and the duties of a Trustee, including key Charity Commission publications - CC3 "The Essential Trustee" and the Charity Governance Code - the Articles of Association, PML's Strategy, Science Plan and Operating Plan, the most recent set of accounts, as well as various other policy documents. The Company Secretary has overall responsibility for the induction of Trustees. Where specific training is identified as necessary, then this is delivered internally or through external providers, including attendance at seminars or conferences.

During the year inductions were carried out for Mark Butcher and Paul James.

Evaluation of Board Performance

Evaluation of Board performance is undertaken annually, with the last evaluation carried out in the summer of 2020. Results were reviewed and actions identified and progressed. It had been previously agreed by the Board that an external evaluation of Board performance would be considered in 2020. However, due to the covid-19 pandemic this has been deferred.

Organisational Structure

Board of Trustees

The Board of Trustees, which can have up to 11 members, is responsible for the governance of PML. The Board generally meets at least 4 times per year (or more frequently as required), receiving regular reports on the financial and management aspects of the organisation, and to discuss strategic issues. Average attendance by Trustees over the last year at Board meetings was 98% (2020: 94%).

Sub-Committees

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

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- 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 Nigel Godefroy (Chair), Nick Buckland and Paul James.
- 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 Janice Timberlake (Chair), and Dr MacKenzie.
- Science Advisory Council: Meets once per year to review aspects of the science portfolio. Trustee members are Profs. Rayner (Chair), Jickells and Ward, as well as external members from the international science community.

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

During the year the Board agreed to the establishment of an Innovation Committee which will hold its first meeting in June 2021. Its purpose is to provide strategic advice to the PML Executive on connecting PML's science and technology insights with customer needs, identifying innovation opportunities that might be commercially exploited through PML Applications Ltd.

Senior Management Team

The Chief Executive is given delegated authority for the day- to-day operation, delivered through the Senior Management Team, including scientific, financial, health and safety, and employment related matters. The specific levels of authority are detailed in a statement of Delegated Authority. The Chief Executive reports regularly to the Board on key aspects of PML's performance as detailed above.

Related Parties

PML is eligible to bid for funding from UKRI, including from NERC. PML is designated a Delivery Partner for "National Capability" and receives this element of funding from NERC via the National Oceanography Centre, who manage marine National Capability on behalf of NERC. A staff loan agreement signed in 2002 as part of the transfer of ownership process from NERC to PML was novated to UKRI in 2018, hence there are a small number of UKRI employees working at PML.

As a major funder of PML, NERC requested and PML agreed to an observer attending PML Board meetings. This initiative is part of a wider process to put in place a strategic relationship agreement between PML and 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 aid its profits to PML. In March 2021 PML Applications received payments of £73,800 against a contract placed by Qinetiq PLC. The Chair of PML was a Director of Qinetiq PLC until December 2020.

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

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PML has hosted the secretariat of the Partnership for Observation of the Global Oceans (POGO) for eight years, providing accommodation and staffing for the secretariat under a formal agreement. In February 2017 POGO became a Charitable Incorporated Organisation in the UK.

Pay Policy for Senior Staff

All of the Trustees (Directors) give of their time freely and no Trustee received remuneration during the year. Details of Trustees' expenses incurred in the course of their duties are disclosed under note 8. The Chief Executive's remuneration package is reviewed annually by the Board of Trustees who review benchmarking data from comparable sized charities, regional companies and from NERC Research Centres and assess performance against objectives set for the year.

Of the remaining senior staff (members of the Senior Management Team), one is a UKRI employee on loan to PML, as described under related parties, and hence fell under UKRI pay policies. Where a member of the Senior Management Team is a PML employee, remuneration is reviewed by the Remuneration Committee (see above) as part of the entire PML workforce's remuneration, with recommendations made to the Board of Trustees for its approval.

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Trustees' Report

Going Concern and the impact of Covid-19

PML's cash position (as at 31 May 2021) is strong at £2.45M.

PML has put in place covid-safety measures within its premises, such that if there is a further wave of covid-19 and a consequential lockdown, it would not be adversely affected, i.e. laboratory and local seagoing activities can continue, and hence income can be claimed.

Income forecasting has been undertaken which demonstrates that PML is likely to achieve a break-even/small deficit position at the end of the financial year 2021-22, taking into account the recently notified government reduction in ODA funding as mentioned under Risk Management

Key assumptions here are that our remaining funders (UK Research & Innovation [UKRI], EU, European Space Agency) will pay as per schedule. UKRI also provided an additional funding grant to support grants affected by covid-19, £98k of which has been set aside to support UKRI funded grants held by PML in FY 2021-22.

Current signed contracts stand at £22.5M, of which £9.9M has already been recognised up to 31 March 2021. The remaining £12.6M relates to projects which run over the next 3 financial years.

At year end the Trustees acknowledge that the net asset position was a relatively modest £704k current assets. They take assurance from the fact that within current creditors is £4.3M of cash advances received on competitive research contracts. Due to the nature of this balance the Trustees have strong certainty that the majority can be earned and released to income over the next financial year to fund staff costs and overheads. As at year end the charity also held an investment portfolio of £3.6M which as a last resort could be realised to fund any deficits that arise as a result of covid-19 or other loss of income.

The Trustees believe that PML is a going concern on the following basis:

- Strong cash position as identified above.
- Principal funding sources are government backed, e.g. UKRI, the EU, European Space Agency.
- Strong signed contracts position.
- The company can meet its short-term debts.
- Strong reserves position

In conclusion, there are no material uncertainties to cast doubt on PML's ability to continue as a going concern.

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Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on9 July 2021.. and signed on its behalf by:



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

Plymouth Marine Laboratory

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Plymouth Marine Laboratory for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on ...9 July 2021..... and signed on its behalf by:



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

Plymouth Marine Laboratory

Independent Auditor's Report to the Members of Plymouth Marine Laboratory

Opinion

We have audited the financial statements of Plymouth Marine Laboratory (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2021 and of the group's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Use of our report

This report is made solely to the charitable parent 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 group'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 charitable parent company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Plymouth Marine Laboratory

Independent Auditor's Report to the Members of Plymouth Marine Laboratory

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 16), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Plymouth Marine Laboratory

Independent Auditor's Report to the Members of Plymouth Marine Laboratory

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to acts by the company which were contrary to applicable laws and regulations, including fraud.

We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to the reporting framework (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the UK. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting.

We also considered those laws and regulations that have a direct impact on the operations of the Group, including, but not limited to various environmental and employment laws and regulations (e.g. Environmental Protection Act and The Health and Safety at Work Act 1974) that are applicable in the UK.

Audit procedures performed by the engagement team include, but were not limited to, discussion and inquiries with management of compliance with laws and regulations and review of correspondence and contracts with third parties. We also addressed the risk of management override of internal controls, including testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to be come aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

Plymouth Marine Laboratory

Independent Auditor's Report to the Members of Plymouth Marine Laboratory



.....
Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

13/07/21
Date:.....

Plymouth Marine Laboratory

Consolidated Statement of Financial Activities

Year Ended 31 March 2021

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted funds - general £ 000 | Unrestricted funds - designated £ 000 | Restricted funds £ 000 | Total 2021 £ 000 |
|--------------------------------------|------|---------------------------------------|--|---------------------------|---------------------|
| Income and Endowments from: | | | | | |
| Charitable activities | 3 | 370 | 330 | 12,144 | 12,844 |
| Other trading activities | 4 | 1,376 | - | - | 1,376 |
| Investment income | | 62 | - | - | 62 |
| Total income | | <u>1,807</u> | <u>330</u> | <u>12,144</u> | <u>14,281</u> |
| Expenditure on: | | | | | |
| Raising funds | | (443) | - | - | (443) |
| Charitable activities | 5 | (698) | (253) | (12,144) | (13,095) |
| Other expenditure | | <u>(20)</u> | <u>-</u> | <u>-</u> | <u>(20)</u> |
| Total expenditure | | <u>(1,162)</u> | <u>(253)</u> | <u>(12,144)</u> | <u>(13,559)</u> |
| Net income | | 645 | 77 | | 722 |
| Transfers between funds | | (139) | 139 | - | - |
| Gains/(losses) on investments assets | | <u>750</u> | <u>-</u> | <u>-</u> | <u>750</u> |
| Net movement in funds | | 1,256 | 216 | | 1,473 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>2,838</u> | <u>3,714</u> | <u>-</u> | <u>6,552</u> |
| Total funds carried forward | 21 | <u>4,095</u> | <u>3,930</u> | <u>-</u> | <u>8,024</u> |

Plymouth Marine Laboratory

Consolidated Statement of Financial Activities

Year Ended 31 March 2021

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

For comparative purposes - financial performance for prior financial year

| | Note | Unrestricted funds £ 000 | Unrestricted funds - designated £ 000 | Restricted funds £ 000 | Total 2020 £ 000 |
|---|------|-----------------------------|---|---------------------------|------------------------|
| Income and Endowments from: | | | | | |
| Charitable activities | 3 | 353 | 200 | 14,140 | 14,693 |
| Other trading activities | 4 | 1,594 | - | - | 1,594 |
| Investment income | | 129 | - | - | 129 |
| Total income | | <u>2,076</u> | <u>200</u> | <u>14,140</u> | <u>16,416</u> |
| Expenditure on: | | | | | |
| Raising funds | | (367) | - | - | (367) |
| Charitable activities | 5 | (971) | (228) | (14,140) | (15,339) |
| Other expenditure | | (22) | - | - | (22) |
| Total expenditure | | <u>(1,359)</u> | <u>(228)</u> | <u>(14,140)</u> | <u>(15,728)</u> |
| Net income/(expenditure) before transfers | | 716 | (28) | | 688 |
| Gains/(losses) on investment assets | | (224) | - | - | (224) |
| Net movement in funds | | 493 | (28) | | 464 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>2,347</u> | <u>3,742</u> | <u>-</u> | <u>6,089</u> |
| Total funds carried forward | 21 | <u><u>2,840</u></u> | <u><u>3,714</u></u> | <u><u>-</u></u> | <u><u>6,553</u></u> |

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2020 is shown in note 21.

Plymouth Marine Laboratory

Consolidated Balance Sheet

31 March 2021

| | Note | 2021 £ 000 | 2020 £ 000 |
|--|------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 12 | 486 | 546 |
| Tangible assets | 13 | 10,125 | 9,386 |
| Investments | 14 | 3,629 | 2,837 |
| | | <u>14,241</u> | <u>12,770</u> |
| Current assets | | | |
| Debtors | 15 | 3,634 | 3,208 |
| Cash at bank and in hand | 16 | 4,934 | 5,118 |
| | | <u>8,568</u> | <u>8,325</u> |
| Creditors: Amounts falling due within one year | 17 | <u>(7,864)</u> | <u>(8,210)</u> |
| Net current assets | | <u>704</u> | <u>115</u> |
| Total assets less current liabilities | | 14,945 | 12,885 |
| Creditors: Amounts falling due after more than one year | 18 | <u>(6,920)</u> | <u>(6,331)</u> |
| Net assets | | <u>8,024</u> | <u>6,553</u> |
| Funds of the group: | | | |
| Restricted | | | |
| Unrestricted - designated | | 3,930 | 3,714 |
| Unrestricted - general | | <u>4,095</u> | <u>2,839</u> |
| Total funds | 21 | <u>8,024</u> | <u>6,553</u> |

The financial statements on pages 21 to 57 were approved by the trustees, and authorised for issue on9 July 2021.... and signed on their behalf by:



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



.....
N J Godefroy
Trustee

Company Registration Number: 4178503

Plymouth Marine Laboratory

Balance Sheet

31 March 2021

| | Note | 2021 £ 000 | 2020 £ 000 |
|--|------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 12 | 486 | 546 |
| Tangible assets | 13 | 10,124 | 9,384 |
| Investments | 14 | 3,729 | 2,937 |
| | | <u>14,339</u> | <u>12,867</u> |
| Current assets | | | |
| Debtors | 15 | 3,440 | 3,308 |
| Cash at bank and in hand | 16 | 4,444 | 4,189 |
| | | <u>7,884</u> | <u>7,497</u> |
| Creditors: Amounts falling due within one year | 17 | <u>(7,548)</u> | <u>(7,954)</u> |
| Net current assets/(liabilities) | | <u>336</u> | <u>(456)</u> |
| Total assets less current liabilities | | 14,675 | 12,411 |
| Creditors: Amounts falling due after more than one year | 18 | <u>(6,920)</u> | <u>(6,331)</u> |
| Net assets | | <u>7,755</u> | <u>6,080</u> |
| Funds of the charity: | | | |
| Unrestricted - general | | 3,827 | 2,367 |
| Unrestricted - designated | | 3,928 | 3,713 |
| Restricted | | - | - |
| Total funds | 21 | <u>7,755</u> | <u>6,080</u> |

The financial statements on pages 21 to 57 were approved by the trustees, and authorised for issue on9 July 2021..... and signed on their behalf by:



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



.....
N J Godefroy
Trustee

Company Registration Number: 4178503

Plymouth Marine Laboratory

Consolidated Statement of Cash Flows

Year Ended 31 March 2021

| | Note | 2021 £ 000 | 2020 £ 000 |
|--|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Net cash income | | 1,473 | 465 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation | | 1,107 | 1,010 |
| Amortisation | | 60 | 56 |
| Investment income | | (62) | (129) |
| Interest payable | | 5 | 7 |
| Fair value movement on investment assets | | <u>(750)</u> | <u>224</u> |
| | | 1,832 | 1,631 |
| Working capital adjustments | | | |
| Increase in debtors | 15 | (404) | (442) |
| Increase in creditors | 17 | 606 | 255 |
| Decrease in deferred income | 18 | <u>(1,947)</u> | <u>(13)</u> |
| Net cash flows from operating activities | | <u>87</u> | <u>1,432</u> |
| Cash flows from investing activities | | | |
| Interest receivable and similar income | | 62 | 129 |
| Purchase of intangible fixed assets | 12 | | (39) |
| Purchase of tangible fixed assets | 13 | (1,846) | (1,407) |
| Capital grants | | 1,713 | 1,125 |
| Purchase of investments | | (42) | (106) |
| Sale of investments | | <u>-</u> | <u>149</u> |
| Net cash flows from investing activities | | <u>(113)</u> | <u>(149)</u> |
| Cash flows from financing activities | | | |
| Repayment of loans and borrowings | 17 | (151) | (134) |
| Interest payable and similar charges | | <u>(5)</u> | <u>(7)</u> |
| Net cash flows from financing activities | | <u>(156)</u> | <u>(141)</u> |
| Net (decrease)/increase in cash and cash equivalents | | (182) | 1,142 |
| Cash and cash equivalents at 1 April | | <u>5,118</u> | <u>3,976</u> |
| Cash and cash equivalents at 31 March | | <u><u>4,935</u></u> | <u><u>5,118</u></u> |

All of the cash flows are derived from continuing operations during the above two periods.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

1 Charity status

The charity is limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Prospect Place

The Hoe

Plymouth

PL1 3DH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 2019) – (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.

Basis of preparation

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.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 March 2021.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity had a positive net movement in funds for the financial year of £1,675,000 (2020 - £287,000).

The charity has taken advantage of the exemption not to prepare a cash flow statement, as the charity figures are included in the consolidated cash flow statement and the members have not objected to the exemption being taken.

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Going concern

PML's cash position (as at 31 May 2021) is strong at £2.45M.

PML has put in place covid-safety measures within its premises, such that if there is a further wave of covid-19 and a consequential lockdown, it would not be adversely affected, i.e. laboratory and local seagoing activities can continue, and hence income can be claimed.

Income forecasting has been undertaken which demonstrates that PML is likely to achieve a break-even/small deficit position at the end of the financial year 2021-22, taking into account the recently notified government reduction in ODA funding as mentioned under Risk Management

Key assumptions here are that our remaining funders (UK Research & Innovation [UKRI], EU, European Space Agency) will pay as per schedule. UKRI also provided an additional funding grant to support grants affected by covid-19, £98k of which has been set aside to support UKRI funded grants held by PML in FY 2021-22.

Current signed contracts stand at £22.5M, of which £9.9M has already been recognised up to 31 March 2021. The remaining £12.6M relates to projects which run over the next 3 financial years.

At year end the Trustees acknowledge that the net asset position was a relatively modest £704k current assets. They take assurance from the fact that within current creditors is £4.3M of cash advances received on competitive research contracts. Due to the nature of this balance the Trustees have strong certainty that the majority can be earned and released to income over the next financial year to fund staff costs and overheads. As at year end the charity also held an investment portfolio of £3.6M which as a last resort could be realised to fund any deficits that arise as a result of covid-19 or other loss of income.

The Trustees believe that PML is a going concern on the following basis:

- Strong cash position as identified above.
- Principal funding sources are government backed, e.g. UKRI, the EU, European Space Agency.
- Strong signed contracts position.
- The company can meet its short-term debts.
- Strong reserves position

In conclusion, there are no material uncertainties to cast doubt on PML's ability to continue as a going concern.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

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.

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

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement; or
- The costs that are funded by the grant have yet to be spent.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

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.

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.

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.

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 (subsequently novated to UKRI). 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.

Value 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.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Intangible assets

Intangible assets are stated in the Balance Sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| Asset class | Amortisation method and rate |
|-------------------|------------------------------|
| Computer software | 2-10 years straight line |

Tangible fixed assets

Individual fixed assets costing £3k or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

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.

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.

| Asset class | Depreciation method and rate |
|----------------------|------------------------------|
| Scientific equipment | 2-10 years straight line |
| Computer equipment | 2-5 years straight line |
| Plant | 10 years straight line |
| Vehicles | 4 years straight line |
| Ships | 20 years straight line |
| Leasehold buildings | 25 years straight line |

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Foreign exchange

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.

Fund structure

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.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as 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

Notes to the Financial Statements

Year Ended 31 March 2021

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.

Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

3 Income from charitable activities

| | Unrestricted funds | | Restricted funds | Total 2021 | Total 2020 |
|---|---------------------|------------------|------------------|---------------|---------------|
| | Designated £ 000 | General £ 000 | £ 000 | £ 000 | £ 000 |
| NERC funding (National Capability) | - | - | 3,600 | 3,600 | 3,773 |
| Research Income | - | - | 7,481 | 7,481 | 9,566 |
| Designated income | 330 | - | - | 330 | 200 |
| Deferred income on capital expenditure | - | - | 811 | 811 | 711 |
| Funding for restructuring | - | - | - | - | 40 |
| Reimbursements | - | - | - | - | 41 |
| VAT recoverable (due to partial exemption) | - | 10 | - | 10 | 69 |
| Charges for secretariat services - Partnership for Observation of the Global Oceans | - | 110 | - | 110 | 101 |
| Doctoral training grants | - | 154 | - | 154 | 97 |
| Other income | - | 96 | 252 | 347 | 95 |
| | <u>330</u> | <u>370</u> | <u>12,144</u> | <u>12,844</u> | <u>14,693</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

4 Income from other trading activities

| Summary profit and loss account | 2021 | 2020 |
|---|---------|---------|
| | £'000 | £'000 |
| Turnover | 1,423 | 1,617 |
| Cost of sales and administrative expenses | (1,187) | (1,159) |
| Other income, including interest receivable | - | - |
| Operating profit | 236 | 458 |
| Interest payable on loan | (3) | (3) |
| Net profit | 233 | 455 |

The assets and liabilities of the subsidiary were:

| | 2021 | 2020 |
|--------------------------------------|-------|-------|
| | £'000 | £'000 |
| Fixed assets | 2 | 3 |
| Current assets | 817 | 1,172 |
| Current liabilities | (449) | (601) |
| Total net assets/(liabilities) | 370 | 574 |
| Aggregate share capital and reserves | 370 | 574 |

Reconciliation with statement of financial activities (SOFA)

| | 2021 | 2020 |
|--|-------|-------|
| | £'000 | £'000 |
| Turnover (As above) | 1,423 | 1,617 |
| Less: Income from parent charity | (47) | (23) |
| Per SOFA - Income from other trading activities | 1,376 | 1,594 |
| Cost of sales and administrative expenses (As above) | 1,187 | 1,159 |
| Less: Recharged by parent charity | (744) | (792) |
| Per SOFA - Expenditure on raising funds | 443 | 367 |

Plymouth Marine Laboratory

Notes to the Financial

Statements Year Ended 31

March 2021

5 Expenditure on charitable activities

| | Activity undertaken directly £ 000 | Activity support costs £ 000 | Total 2021 £ 000 | Total 2020 £ 000 |
|--|---|---------------------------------------|------------------------|------------------------|
| Research staff costs | 6,191 | - | 6,191 | 5,945 |
| Recurrent costs - Science | 2,761 | - | 2,761 | 5,470 |
| Recurrent costs - Science support | 1,141 | - | 1,141 | 1,371 |
| Depreciation and amortisation of assets | 1,166 | - | 1,166 | 1,026 |
| Loan interest payable | 5 | - | 5 | 7 |
| Restructuring costs | - | 37 | 37 | 84 |
| Senior management and administrative staff costs | - | 1,178 | 1,178 | 988 |
| Administration costs | - | 578 | 578 | 404 |
| Governance costs | - | 38 | 38 | 44 |
| | <u>11,264</u> | <u>1,831</u> | <u>13,095</u> | <u>15,339</u> |

£951,000 (2020 - £1,199,000) of the above expenditure was attributable to unrestricted funds and £12,144,000 (2020 - £14,140,000) to restricted funds.

6 Analysis of governance and support costs

Governance costs

| | Restricted funds £ 000 | Total 2021 £ 000 | Total 2020 £ 000 |
|------------------------------------|------------------------------|------------------------|------------------------|
| Audit fees | | | |
| Audit of the financial statements | 20 | 20 | 19 |
| Other fees paid to auditors | 19 | 19 | 15 |
| Trustees remuneration and expenses | | | 11 |
| | <u>38</u> | <u>38</u> | <u>45</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

7 Net incoming/outgoing resources

This is stated after charging/(crediting):

| | 2021 £ 000 | 2020 £ 000 |
|---|---------------|---------------|
| Audit fees | 20 | 18 |
| Other non-audit services | 19 | 15 |
| Depreciation and amortisation of assets | 1,166 | 1,065 |
| Operating leases - other assets | 142 | 141 |
| Deferred grants released | (810) | (712) |
| Foreign currency losses/(gains) | 137 | (139) |
| Finance charges payable | 5 | 7 |

8 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

Trustees expenses amounting to £0k (2020: £5k) were reimbursed during the year.

9 Staff costs

The aggregate payroll costs were as follows:

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Staff costs during the year were: | | |
| Wages and salaries | 6,491 | 6,009 |
| Social security costs | 656 | 627 |
| Pension costs | 637 | 640 |
| Restructuring costs | 37 | 84 |
| | <u>7,821</u> | <u>7,360</u> |

The monthly average number of persons (including senior management team) employed by the group during the year expressed as full time equivalents was as follows:

| | 2021 No | 2020 No |
|--|------------|------------|
| Permanent staff - Science and support | 108 | 101 |
| Permanent staff - Management and admin | 43 | 43 |
| Temporary staff | 26 | 19 |
| | <u>177</u> | <u>163</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

The number of employees whose emoluments fell within the following bands was:

| | 2021 | 2020 |
|---------------------|-------------|-------------|
| | No | No |
| £60,001 - £70,000 | 3 | 1 |
| £70,001 - £80,000 | 2 | 4 |
| £80,001 - £90,000 | 1 | 1 |
| £90,001 - £100,000 | - | 1 |
| £100,001 - £110,000 | <u>1</u> | <u>-</u> |

The total employee benefits of the key management personnel of the group were £537,205 (2020 - £510,844).

10 Auditors' remuneration

| | 2021 | 2020 |
|-----------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Audit of the financial statements | <u>20</u> | <u>19</u> |
| Other fees to auditors | | |
| All other assurance services | 14 | 10 |
| All other non-audit services | <u>5</u> | <u>5</u> |
| | <u>19</u> | <u>15</u> |

11 Taxation

The group is a registered charity and is therefore exempt from taxation.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

12 Intangible fixed assets

Group

| | Software £ 000 | Total £ 000 |
|-----------------------|-------------------|----------------|
| Cost | | |
| At 1 April 2020 | 602 | 602 |
| Additions | | |
| At 31 March 2021 | 602 | 602 |
| Amortisation | | |
| At 1 April 2020 | 56 | 56 |
| Charge for the year | 60 | 60 |
| At 31 March 2021 | 116 | 116 |
| Net book value | | |
| At 31 March 2021 | 486 | 486 |
| At 31 March 2020 | 546 | 546 |

Charity

| | Software £ 000 | Total £ 000 |
|-----------------------|-------------------|----------------|
| Cost | | |
| At 1 April 2020 | 602 | 602 |
| Additions | | |
| At 31 March 2021 | 602 | 602 |
| Amortisation | | |
| At 1 April 2020 | 56 | 56 |
| Charge for the year | 60 | 60 |
| At 31 March 2021 | 116 | 116 |
| Net book value | | |
| At 31 March 2021 | 486 | 486 |
| At 31 March 2020 | 546 | 546 |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

13 Tangible fixed assets

Group

| | Land and buildings £ 000 | Furniture and equipment £ 000 | Ships and vehicles £ 000 | Assets under construction £ 000 | Total £ 000 |
|-----------------------|--------------------------------|--|--------------------------------|--|----------------|
| Cost | | | | | |
| At 1 April 2020 | 7,268 | 10,609 | 810 | 1,125 | 19,812 |
| Additions | - | 3 | - | 1,844 | 1,846 |
| Transfers | 25 | 1,020 | - | (1,045) | - |
| At 31 March 2021 | 7,293 | 11,632 | 810 | 1,923 | 21,659 |
| Depreciation | | | | | |
| At 1 April 2020 | 1,239 | 8,568 | 619 | - | 10,426 |
| Charge for the year | 432 | 635 | 40 | - | 1,107 |
| At 31 March 2021 | 1,671 | 9,203 | 659 | - | 11,533 |
| Net book value | | | | | |
| At 31 March 2021 | 5,622 | 2,429 | 151 | 1,923 | 10,125 |
| At 31 March 2020 | 6,029 | 2,041 | 191 | 1,125 | 9,386 |

Included within the net book value of land and buildings above is £Nil (2020 - £Nil) in respect of freehold land and buildings and £5,622,000 (2020 - £6,029,000) in respect of leaseholds.

Restriction on title and pledged as security

Freehold property with a carrying amount of £5,622,000 (2020: £6,029,000) has been pledged as security for the bank loans.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Charity

| | Land and buildings £ 000 | Furniture and equipment £ 000 | Ships and vehicles £ 000 | Assets under construction £ 000 | Total £ 000 |
|-----------------------|--------------------------------|--|--------------------------------|--|----------------|
| Cost | | | | | |
| At 1 April 2020 | 7,268 | 10,570 | 810 | 1,125 | 19,773 |
| Additions | - | 3 | - | 1,844 | 1,846 |
| Transfers | 25 | 1,020 | - | (1,045) | - |
| At 31 March 2021 | 7,293 | 11,593 | 810 | 1,923 | 21,620 |
| Depreciation | | | | | |
| At 1 April 2020 | 1,239 | 8,531 | 619 | - | 10,390 |
| Charge for the year | 432 | 635 | 40 | - | 1,106 |
| At 31 March 2021 | 1,671 | 9,166 | 659 | - | 11,496 |
| Net book value | | | | | |
| At 31 March 2021 | 5,622 | 2,427 | 151 | 1,923 | 10,124 |
| At 31 March 2020 | 6,029 | 2,039 | 191 | 1,125 | 9,384 |

Included within the net book value of land and buildings above is £Nil (2020 - £Nil) in respect of freehold land and buildings and £5,622,000 (2020 - £6,029,000) in respect of leaseholds.

Restriction on title and pledged as security

Land and buildings with a carrying amount of £5,622,000 (2020 - £6,029,000) has been pledged as security for the bank loans.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

14 Fixed asset investments

Group

| | 2021 £ 000 | 2020 £ 000 |
|-------------------|---------------|---------------|
| Other investments | <u>3,629</u> | <u>2,837</u> |

Other investments

| | Listed investments £ 000 |
|--------------------------|--------------------------------|
| Cost or Valuation | |
| At 1 April 2020 | 2,837 |
| Revaluation | 750 |
| Additions | 62 |
| Investment manager fee | <u>(20)</u> |
| At 31 March 2021 | <u>3,629</u> |
| Net book value | |
| At 31 March 2021 | <u>3,629</u> |
| At 31 March 2020 | <u>2,837</u> |

Charity

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Shares in group undertakings and participating interests | 100 | 100 |
| Other investments | <u>3,629</u> | <u>2,837</u> |
| | <u>3,729</u> | <u>2,937</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Shares in group undertakings and participating interests

| | Subsidiary undertakings £ 000 | Total £ 000 |
|-----------------------|-------------------------------------|----------------|
| Cost | | |
| At 1 April 2020 | 100 | 100 |
| At 31 March 2021 | 100 | 100 |
| Net book value | | |
| At 31 March 2021 | 100 | 100 |
| At 31 March 2020 | 100 | 100 |

Other investments

| | Listed investments £ 000 |
|--------------------------|--------------------------------|
| Cost or Valuation | |
| At 1 April 2020 | 2,837 |
| Revaluation | 750 |
| Additions | 62 |
| Investment fees | (20) |
| At 31 March 2021 | 3,629 |
| Net book value | |
| At 31 March 2021 | 3,629 |
| At 31 March 2020 | 2,837 |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Country of incorporation | Holding | Proportion of voting rights and shares held | | Principal activity |
|---|--------------------------|-----------------|---|------|--|
| | | | 2021 | 2020 | |
| Subsidiary undertakings | | | | | |
| PML Applications Ltd Prospect Place, West Hoe, Plymouth, PL1 3DH | England and Wales | Ordinary shares | 100% | 100% | Marine research |
| Smart Sound Plymouth Ltd Prospect Place, West Hoe, Plymouth, PL1 3DH | England and Wales | Ordinary shares | 100% | 100% | Innovative marine technology development - currently dormant |
| GenePro Ltd (held by a subsidiary) Prospect Place, West Hoe, Plymouth, PL1 3DH | England | Ordinary | 100% | 100% | Exploitation of intellectual property currently dormant |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Subsidiaries

The profit for the financial period of PML Applications Ltd was £233,433 (2020 - £455,243) and the aggregate amount of capital and reserves at the end of the period was £369,693 (2020 - £573,647).

The profit for the financial period of Smart Sound Plymouth Ltd was £Nil (2020 - £Nil) and the aggregate amount of capital and reserves at the end of the period was £Nil (2020 - £Nil).

The profit for the financial period of GenePro Ltd (held by a subsidiary) was £Nil (2020 - £Nil) and the aggregate amount of capital and reserves at the end of the period was £Nil (2020 - £Nil).

15 Debtors

| | 2021 | Group | 2021 | Charity |
|-----------------------------|--------------|--------------|--------------|----------------|
| | £ 000 | 2020 | £ 000 | 2020 |
| | | £ 000 | | £ 000 |
| Trade debtors | 2,034 | 1,453 | 1,809 | 1,262 |
| Due from group undertakings | - | - | 125 | 345 |
| Prepayments | 177 | 136 | 177 | 136 |
| Accrued income | 1,416 | 1,608 | 1,323 | 1,557 |
| VAT recoverable | - | 1 | - | - |
| Other debtors | 7 | 9 | 7 | 9 |
| | <u>3,634</u> | <u>3,208</u> | <u>3,440</u> | <u>3,308</u> |

16 Cash and cash equivalents

| | 2021 | Group | 2021 | Charity |
|---------------------|--------------|--------------|--------------|----------------|
| | £ 000 | 2020 | £ 000 | 2020 |
| | | £ 000 | | £ 000 |
| Cash at bank | 4,934 | 5,100 | 4,444 | 4,171 |
| Short-term deposits | - | 18 | - | 18 |
| | <u>4,934</u> | <u>5,118</u> | <u>4,444</u> | <u>4,189</u> |

Balances held by the group that are not available for use by the group

At year end no cash (2020: £Nil) was held on behalf of other project partners, e.g. where PML acts as co-ordinator of EC contracts.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

17 Creditors: amounts falling due within one year

| | 2021 | Group | 2021 | Charity |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2020 | 2020 | 2021 | 2020 |
| | £ 000 | £ 000 | £ 000 | £ 000 |
| Bank loans | 49 | 161 | 49 | 161 |
| Trade creditors | 672 | 639 | 610 | 633 |
| Due to group undertakings | - | - | 8 | 13 |
| Other taxation and social security | 257 | 192 | 225 | 183 |
| Other creditors | 56 | 50 | 54 | 45 |
| Accruals | 2,532 | 1,779 | 2,452 | 1,727 |
| Deferred income | 4,298 | 5,389 | 4,151 | 5,192 |
| | <u>7,864</u> | <u>8,210</u> | <u>7,548</u> | <u>7,954</u> |

Bank borrowings

A bank loan to finance the purchase of the West Hoe site is denominated in £ sterling with a nominal interest rate of 1.85% above bank base rate (2020 - 1.85% above bank base rate), and the final instalment is due on 14 April 2021. The carrying amount at year end is £9,000 (2020 - £120,000).

The loan is secured on a first legal mortgage over the leasehold property at Prospect Place, The Hoe, Plymouth.

A bank loan of £200,000 to finance the purchase of a new business management system is denominated in £ sterling with a nominal interest rate of 2.55% above bank base rate (2020 - 2.55% above bank base rate), and the final instalment is due on 19 January 2022. The carrying amount at year end is £40,000 (2020 - £80,000).

The loan was secured on the first legal mortgage over the leasehold property at Prospect Place, The Hoe, Plymouth.

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

18 Creditors: amounts falling due after one year

| | 2021 £ 000 | Group 2020 £ 000 | 2021 £ 000 | Charity 2020 £ 000 |
|-----------------|---------------|------------------------|---------------|--------------------------|
| Bank loans | - | 39 | - | 39 |
| Deferred income | 6,920 | 6,292 | 6,920 | 6,292 |
| | <u>6,920</u> | <u>6,331</u> | <u>6,920</u> | <u>6,331</u> |

Deferred Capital grants - Group and company

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Amounts to be released: | | |
| Within one year | 970 | 683 |
| In two to five years | 3,540 | 1,547 |
| In over five years | 3,368 | 4,745 |
| | <u>7,878</u> | <u>6,975</u> |

Analysis of Deferred capital grants - Group and company

| | 2021 £ 000 | 2020 £ 000 |
|--|----------------|----------------|
| Deferred capital grant brought forward | (6,975) | (6,562) |
| Resources deferred in the period | (1,713) | (1,125) |
| Amounts released from previous periods | 810 | 712 |
| Deferred capital grant at year end | <u>(7,878)</u> | <u>(6,975)</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

19 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2021 £ 000 | Group 2020 £ 000 | 2021 £ 000 | Charity 2020 £ 000 |
|----------------------------|---------------|------------------------|---------------|--------------------------|
| Land and buildings | | | | |
| Within one year | 40 | 41 | 40 | 41 |
| Between one and five years | 84 | 86 | 84 | 86 |
| After five years | 177 | 194 | 177 | 194 |
| | <u>301</u> | <u>322</u> | <u>301</u> | <u>322</u> |
| Other | | | | |
| Within one year | 130 | 122 | 130 | 122 |
| Between one and five years | 292 | 317 | 292 | 317 |
| After five years | - | 1 | - | 1 |
| | <u>422</u> | <u>440</u> | <u>422</u> | <u>440</u> |

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

The amount of non-cancellable operating lease payments recognised as an expense during the year was £142k (2020: £116k).

20 Commitments

Group and charity

Capital commitments

Commitments for purchase of capital equipment.

The total amount contracted for but not provided in the financial statements was £850k (2020 - £158k).

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Pension commitments

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

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

The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £637k (2020: £640k). Commitments provided for in the accounts amounted to £52,000 (2020 - £46,000). Commitments not provided for in the accounts amounted to £Nil (2020 - £Nil). £Nil relates to pension commitments related to pensions payable to past directors (2020 - £Nil).

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

21 Funds

Group

| | Balance at 1 April 2020 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Transfers £ 000 | Other recognised gains/ (losses) £ 000 | Balance at 31 March 2021 £ 000 |
|-------------------------------------|---|--------------------------------|--------------------------------|--------------------|--|--|
| Unrestricted funds | | | | | | |
| <i>General</i> | | | | | | |
| Unrestricted funds - general | 2,839 | 1,807 | (1,162) | (139) | 750 | 4,095 |
| <i>Designated</i> | | | | | | |
| Research Fellows | 296 | - | (89) | - | - | 207 |
| Lecture theatre | 179 | - | (22) | 139 | - | 297 |
| Head Lease | 384 | - | (24) | - | - | 361 |
| Leasehold land & buildings | 1,909 | - | - | - | - | 1,909 |
| Oceansgate Facility | 149 | - | (10) | - | - | 139 |
| Development Officer | 122 | - | (37) | - | - | 85 |
| New business system | 475 | - | (60) | - | - | 415 |
| Educational support fund | 200 | 150 | (12) | - | - | 338 |
| MMC AV Equipment | - | 100 | - | - | - | 100 |
| New vessel design/virtualisation | - | 80 | - | - | - | 80 |
| | <u>3,714</u> | <u>330</u> | <u>(253)</u> | <u>139</u> | <u>-</u> | <u>3,930</u> |
| Total unrestricted funds | 6,553 | 2,137 | (1,415) | - | 750 | 8,024 |
| Restricted funds | | | | | | |
| Restricted funds | <u>-</u> | <u>12,144</u> | <u>(12,144)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total funds | <u>6,553</u> | <u>14,281</u> | <u>(13,559)</u> | <u>-</u> | <u>750</u> | <u>8,024</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

| | Balance at 1 April 2019 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Other recognised gains/(losses) £ 000 | Balance at 31 March 2020 £ 000 |
|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|--|---|
| Unrestricted funds | | | | | |
| <i>General</i> | | | | | |
| Unrestricted funds - general | 2,347 | 2,076 | (1,360) | (224) | 2,839 |
| <i>Designated</i> | | | | | |
| Research Fellows | 400 | - | (104) | - | 296 |
| Lecture theatre | 217 | - | (38) | - | 179 |
| Head Lease | 408 | - | (24) | - | 384 |
| Leasehold land & buildings | 1,909 | - | - | - | 1,909 |
| Oceansgate Facility | 150 | - | (1) | - | 149 |
| Development Officer | 128 | - | (6) | - | 122 |
| New business system | 530 | - | (55) | - | 475 |
| Educational support fund | - | 200 | - | - | 200 |
| | <u>3,742</u> | <u>200</u> | <u>(228)</u> | <u>-</u> | <u>3,713</u> |
| Total unrestricted funds | 6,089 | 2,276 | (1,588) | (224) | 6,553 |
| Restricted funds | | | | | |
| Restricted funds | <u>-</u> | <u>14,140</u> | <u>(14,140)</u> | <u>-</u> | <u>-</u> |
| Total funds | <u><u>6,089</u></u> | <u><u>16,416</u></u> | <u><u>(15,728)</u></u> | <u><u>(224)</u></u> | <u><u>6,553</u></u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Charity

| | Balance at 1 April 2020 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Transfers £ 000 | Other recognised gains/ (losses) £ 000 | Balance at 31 March 2021 £ 000 |
|-------------------------------------|---|--------------------------------|--------------------------------|--------------------|--|--|
| Unrestricted funds | | | | | | |
| <i>General</i> | | | | | | |
| Unrestricted funds | 2,367 | 1,612 | (763) | (139) | 750 | 3,827 |
| <i>Designated</i> | | | | | | |
| Research Fellows | 296 | - | (89) | - | - | 207 |
| Lecture theatre | 179 | - | (22) | 139 | - | 296 |
| Head lease | 384 | - | (24) | - | - | 360 |
| Leasehold land & buildings | 1,909 | - | - | - | - | 1,909 |
| Oceangate Facility | 148 | - | (10) | - | - | 138 |
| Development Officer | 122 | - | (37) | - | - | 85 |
| New Business System | 475 | - | (60) | - | - | 415 |
| Educational support fund | 200 | 150 | (12) | - | - | 338 |
| MMC AV Equipment | - | 100 | - | - | - | 100 |
| New vessel design/virtualisation | - | 80 | - | - | - | 80 |
| | <u>3,713</u> | <u>330</u> | <u>(254)</u> | <u>139</u> | <u>-</u> | <u>3,928</u> |
| Total Unrestricted funds | 6,080 | 1,942 | (1,017) | - | 750 | 7,755 |
| Restricted funds | | | | | | |
| Restricted funds | <u>-</u> | <u>12,144</u> | <u>(12,144)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total funds | <u>6,080</u> | <u>14,086</u> | <u>(13,161)</u> | <u>-</u> | <u>750</u> | <u>7,755</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

| | Balance at 1 April 2019 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Other recognised gains/(losses) £ 000 | Balance at 31 March 2020 £ 000 |
|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|--|---|
| Unrestricted funds | | | | | |
| <i>General</i> | | | | | |
| Unrestricted funds | 2,050 | 1,548 | (1,007) | (224) | 2,367 |
| <i>Designated</i> | | | | | |
| Research Fellows | 400 | - | (104) | - | 296 |
| Lecture theatre | 217 | - | (38) | - | 179 |
| Head lease | 408 | - | (24) | - | 384 |
| Leasehold land & buildings | 1,909 | - | - | - | 1,909 |
| Oceangate Facility | 150 | - | (2) | - | 148 |
| Development Officer | 128 | - | (6) | - | 122 |
| New Business System | 530 | - | (55) | - | 475 |
| Educational support fund | - | 200 | - | - | 200 |
| | <u>3,742</u> | <u>200</u> | <u>(229)</u> | <u>-</u> | <u>3,713</u> |
| Total unrestricted funds | 5,792 | 1,748 | (1,236) | (224) | 6,080 |
| Restricted funds | | | | | |
| Restricted funds | <u>-</u> | <u>14,140</u> | <u>(14,140)</u> | <u>-</u> | <u>-</u> |
| Total funds | <u>5,792</u> | <u>15,888</u> | <u>(15,377)</u> | <u>(224)</u> | <u>6,080</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

22 Analysis of net assets between funds

Group

| | Unrestricted funds | | Total funds |
|-------------------------|--------------------|------------|-------------|
| | General | Designated | |
| | £ 000 | £ 000 | £ 000 |
| Intangible fixed assets | 486 | - | 486 |
| Tangible fixed assets | 6,826 | 3,299 | 10,125 |
| Fixed asset investments | 3,000 | 629 | 3,629 |
| Current assets | 8,568 | - | 8,568 |
| Current liabilities | (7,864) | - | (7,864) |
| Creditors over 1 year | (6,920) | - | (6,920) |
| Total net assets | 4,096 | 3,928 | 8,024 |

| | Unrestricted funds | | Total funds at 31 March 2020 |
|-------------------------|--------------------|------------|------------------------------------|
| | General | Designated | |
| | £ 000 | £ 000 | £ 000 |
| Intangible fixed assets | 546 | - | 546 |
| Tangible fixed assets | 6,290 | 3,096 | 9,386 |
| Fixed asset investments | 2,219 | 618 | 2,837 |
| Current assets | 8,325 | - | 8,325 |
| Current liabilities | (8,210) | - | (8,210) |
| Creditors over 1 year | (6,331) | - | (6,331) |
| Total net assets | 2,839 | 3,714 | 6,553 |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

Charity

| | Unrestricted funds | | Total funds |
|-------------------------|--------------------|--------------|--------------|
| | General | Designated | |
| | £ 000 | £ 000 | £ 000 |
| Intangible fixed assets | 486 | - | 486 |
| Tangible fixed assets | 6,825 | 3,299 | 10,124 |
| Fixed asset investments | 3,100 | 629 | 3,729 |
| Current assets | 7,884 | - | 7,884 |
| Current liabilities | (7,548) | - | (7,548) |
| Creditors over 1 year | (6,920) | - | (6,920) |
| Total net assets | <u>3,827</u> | <u>3,928</u> | <u>7,755</u> |

| | Unrestricted funds | | Total funds at 31 March 2020 |
|-------------------------|--------------------|--------------|------------------------------------|
| | General | Designated | |
| | £ 000 | £ 000 | £ 000 |
| Intangible fixed assets | 546 | - | 546 |
| Tangible fixed assets | 6,289 | 3,095 | 9,384 |
| Fixed asset investments | 2,319 | 618 | 2,937 |
| Current assets | 7,498 | - | 7,498 |
| Current liabilities | (7,955) | - | (7,955) |
| Creditors over 1 year | (6,331) | - | (6,331) |
| Total net assets | <u>2,366</u> | <u>3,713</u> | <u>6,079</u> |

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

23 Analysis of net debt

Group

| | At 1 April 2020 £ 000 | Cash flow £ 000 | At 31 March 2021 £ 000 |
|-----------------------------------|--------------------------|--------------------|------------------------------|
| Cash at bank and in hand | 5,118 | (184) | 4,934 |
| Debt due within one year | (161) | 112 | (49) |
| Debt due after more than one year | (39) | 39 | - |
| Net debt | <u>4,919</u> | <u>(34)</u> | <u>4,885</u> |

Group

| | At 1 April 2019 £ 000 | Cash flow £ 000 | Other non-cash changes £ 000 | At 31 March 2020 £ 000 |
|-----------------------------------|--------------------------|--------------------|---------------------------------------|------------------------------|
| Cash at bank and in hand | 3,976 | 1,142 | - | 5,118 |
| Debt due within one year | (96) | 134 | (199) | (161) |
| Debt due after more than one year | (238) | - | 199 | (39) |
| Net debt | <u>3,642</u> | <u>1,276</u> | <u>-</u> | <u>4,919</u> |

24 Financial instruments

Group

Categorisation of financial instruments

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Financial assets measured at fair value through profit or loss | <u>-</u> | <u>4</u> |

Financial assets measured at fair value

Forward exchange contracts

Comparison of the year end spot rate (which acts as an approximation for the fair value of the contracts) with the contracted rate.

The fair value is £Nil (2020 - £4,000) and the change in value included in profit or loss is £4,000 (2020 - £15,000).

Plymouth Marine Laboratory

Notes to the Financial Statements

Year Ended 31 March 2021

25 Related party transactions

Group

During the year the group made the following related party transactions:

Valeport Limited

(A Director of the subsidiary company PML Applications Ltd is a shareholder in Valeport Limited)
The subsidiary company provided services totalling £3,000 (2020 - £1,000) to Valeport Limited during the year. At the balance sheet date the amount due to/from Valeport Limited was £Nil (2020 - £Nil).

The charity has taken advantage of the exemption under FRS102 section 33 not to disclose intra-group transactions with its subsidiary, PML Applications Ltd.

There were no other related party transactions for the group or charity during the year.