



The Scottish Association for Marine Science
(A Scottish Charitable Company Limited by Guarantee, not having share capital)

Directors' report and group financial statements
for the year ended 31 March 2020

Registered number: SC009292
Scottish charity number: SC009206

The Scottish Association for Marine Science

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Company information

Directors	Hazel Allen	Trustee and Chair of Finance Committee, appointed November 2017
	M T S Batho	Trustee and Chair of Education Committee, appointed November 2014
	Professor John Baxter	Trustee appointed December 2018
	Sarah Brown	Trustee appointed December 2018
	Professor Colin Brownlee	Trustee appointed December 2018
	Lisa Chilton	Trustee appointed December 2018
	Mr I D Dunn	Trustee, appointed November 2016 appointed acting Chair December 2018 until March 2019, appointed deputy Chair March 2019
	Professor Ailsa Hall	Stepped down March 2020
	John MacKerron	Trustee and Chair of Audit Committee appointed December 2019
	Dr Deborah McNeill	Trustee appointed December 2018
	Diana Murray	Trustee & Chair appointed March 2019
	Dr Magnus Nicolson	Chair of SRSL Board. Trustee appointed December 2019
	Susan Watts	Trustee appointed December 2018
Audit Committee	John MacKerron	Chair of Audit Committee appointed 1 August 2019
	Dr C Philips	Appointed March 2016 and acting Chair from March 2019
	Professor B Ferrier	Appointed 16 November 2016
Secretary	Professor Axel E J Miller	
Auditor	Saffery Champness LLP Kintail House Beechwood Park Inverness IV2 3BW	
Bankers	Bank of Scotland Station Road Oban PH34 4LL	
Registered Office	Scottish Marine Institute Oban Argyll PA37 1QA	
Charity Number	SC009206	

The Scottish Association for Marine Science
(A company limited by guarantee)

Board report (incorporating the strategic report)
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

The SAMS Board, the members of which are also Directors of the Charity for the purposes of the Companies Act, for The Scottish Association for Marine Science (SAMS), present their report and the group financial statements for the year ended 31 March 2020.

SAMS is a company limited by guarantee governed by its Memorandum and Articles of Association. It is registered as a charity with the Office of the Scottish Charity Regulator with a membership. The liability of the members is limited to a maximum of £1 each.

SAMS is not permitted by its Memorandum of Association to become a trade union or to distribute profits to its members.

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The Scottish Association for Marine Science
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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
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The SAMS group maintains four corporate websites: www.sams.ac.uk; www.ccap.ac.uk; www.oceanexplorercentre.org and www.srsl.com. During the reporting period there has been an upward trend in users visiting the SAMS (+16.8%) and CCAP (+8%) websites compared to the previous year and a small fall in users of the SRSL website (-2.7%) while the Ocean Explorer Centre visitor tracking was interrupted so no useful data set is available. Total session views were up by between 3.8% and 8% for all sites, and total page views up by 3.8% for SAMS, 3% for SRSL and down by 5% for CCAP. A total of 346,116 page views was achieved across the three sites between 1 April 2019 and 31 March 2020.

Figure: Total user, session visit and page view numbers for our three main websites during the reporting period.

SAMS has an active social media profile, with different channels used to target specific audience groups:

- Twitter (@ScotMarineInst): 10,331 (2018/19 - 9,069) (scientists, decision makers)

Facebook (10,331) (2018/19 - 9,069) (scientists, decision makers)
LinkedIn (10,331) (2018/19 - 9,069) (scientists, decision makers)
YouTube (10,331) (2018/19 - 9,069) (scientists, decision makers)

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

Financial review

Excluding the movements in pension provision recognised as other gains and losses, the organisation made

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

	2015/16	2016/17	2017/18	2018/19	2019/20
Research Income					
	£000	£000	£000	£000	£000
NERC (including National Capability)	3,472	2,947	2,882	2,738	3,151
EU	1,111	1,184	1,237	982	1,312
Other	2,154				

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

Overall, the income generated from research grants and contracts came in higher than the annual budget by £93k and showed an increase of 12.5% against research income in 2018/19.

UKRI income of £3,156k was 46% of the total income generated from research. Notable grant successes included a follow on to the OSNAP project, UK OSNAP DECADE with income of £860k over 3 years and a Future Leaders fellowship generating £1.1m over the next 6 years.

EU Horizon 2020: the income from the EU Horizon 2020 call showed an increase of 37% despite the uncertainty of BREXIT. The income generated is from previous years successful grants plus the benefit of a weaker pound against the Euro. The current EU Horizon 2020 call is expected to be extended beyond its current end date of 31st December 2020 and we are monitoring the progress in negotiations to include the UK as a participant in the next framework call Horizon Europe.

Other Research: other Research income covers a wide range of funders and includes funding through UK and Scottish Government agencies, a growing relationship with Norwegian funders, Innovation centres in the UK

Education

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
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In the past year, our aquaculture modelling software NewDEPOMOD has been highly successful with annual licences sold in the UK, USA, Norway, Chile, Canada and Tasmania. The regulator in our immediate domestic market has adopted and specified its use and we are working with the regulators in our export markets, with a number showing particular interest in adopting NewDEPOMOD as the preferred modelling tool. Specific engagement activity is planned with regulators and users in Canada, Norway and Chile, as well as reviewing the potential for Meramod and Tropomod, which would open up new global markets.

The seaweed hatchery continued to supply seaweed to a growing number of farmers, although the industry itself is at a very early phase. SAMS continues to improve and refine its facilities and methodology to be able to meet the demands of this emerging market, although it should be noted COVID has had a significant operational business impact.

With partners in the offshore energy sector, SAMS is now delivering marine growth assessment services and the aim is to expand this offering to the wider oil and gas decommissioning sector and also to marine renewables markets globally. Considerable resources and effort have gone into this area of commercial activity to build capacity and capability within the SAMS team, but also with new academic and industrial partners, to ensure that this becomes a much more significant area of income for SAMS.

SIMBA continues to sell successfully to the polar ice research community with improved reliability and customer focus, alongside the emergence of new markets, for example in Canada. The application of the technology to the new markets of avalanche and flood forecasting working with the support and endorsement of the Scottish Avalanche Information Service and SEPA continues.

COVID has impacted our ability to operate during the latter phases of Q4 of 2019/20 and of course more significantly into 2020/21. The lockdown has resulted in delay and scope adjustment to contracted work, in particular involving a significant contract with CEFAS for the provision of on-shore sanitary surveys. Other areas of activity have either been cancelled or are in danger of being delayed due to COVID and opportunities are both fewer and lesser in scope than in previous years.

Finally, to achieve our business objectives and ensure that SRSI delivers to the needs and expectations of its

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
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Effective management of resources

Staff costs remain the highest proportion of expenditure representing 61% (2018/19 - 59%) of operational income. Total staff costs for the year amount to £6,696k (2018/19 - £6,200k). The reduction in staff costs this year reflects the overall reduced research activity compared to the prior year.

Capital investment

Capital investment funds were received as an academic Partner of the University of the Highlands and Islands (UHI) directing money from the Scottish Funding Council (SFC) and the UK Department of Business, Education, Innovation and Skills (BEIS). Over the reporting period funds were distributed to support: (i) replacement of water and heating pipework feeding the original SAMS buildings; (ii) new instrumentation to support our science activities; (iii) rolling replenishment of teaching equipment; (iv) replacement of outdated information, communications and technology infrastructure; (v) new pumps for the research aquarium; and (vi) geosciences facilities for boat work and sample preparation.

Plans for future periods

Our key objective for the next year is to pursue the implementation of our corporate strategy across the four key themes:

Research excellence

We shall enhance & reputation for research excellence by a combination of supporting and training existing members of staff, particularly those recently recruited to SAMS. We shall maintain a strategic approach to ensuring the correct balance of skills in the research capacity of SAMS in line with new and emerging disciplines. We shall encourage high achievers in the wider marine science community that SAMS would be an excellent place to bring personal fellowships.

Providing solutions

Impact and influence

We shall pursue a concerted agenda to increase the impact and influence of our science communication and public engagement activities.

Efficient operations

Professional services and activities that enable and underpin our operations are also key to the delivery of our strategic objectives. A range of support services, corporate functions and expertise (e.g. Finance, IT & Library, HR, Estates, Communications, Safety, Health & Environment, Compliance and Ships Operations) underpin and enable the efficient delivery of our operations.

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
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Principal risks and uncertainties

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- Specific mitigations being undertaken and monitored include:

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Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2020

Charity number: SC009206
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Reserves policy

The primary aim of the reserves policy is to ensure that SAMS holds adequate funds to maintain the longer term sustainability of the marine science research undertaken by our scientists and to manage short term volatility in income or liquidity. The policy is designed to ensure that the SAMS Group can:

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K Deploy the required funds promptly in a planned way to react to new opportunities and strategic decisions undertaken by the Governing Body.

K Not be forced into short term decisions that might impact on its longer term vision and strategy because of any short term setback, whether operational or in key sources of income.

The policy aims for the SAMS Group to hold in unrestricted undesignated reserves a minimum of 3 months annualised unrestricted expenditure, amounting to approximately £1,119k, in order to provide adequate working capital levels for the continued operation and completion of existing projects.

In addition, the Board has set the target of maintaining cash reserves at a minimum level of 2 months of the salary bill (March 2020 - £1,125k).

The total funds held by the SAMS Group at the year-end amount to £12,912k (2019 - £12,653k). This consists of unrestricted funds in surplus of £10,960k (2019 - surplus £6,812k), and restricted funds of £1,952k (2019 - £5,841k).

Unrestricted funds reflect the amount of reserves freely available to spend on any of the */(7948 purposes, including those stated above. The restricted funds balance at the year-end date consists of a fixed asset fund relating to assets acquired with funds for which ongoing restrictions continue to apply. The Board has noted the net current liabilities of £1,176k (2019 - £1,106k) which are acq spenditure, amerm41,1730(cu

Investment policy and performance

Remuneration of key management personnel

The Scottish Association for Marine Science
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Directors report
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

The SAMS Board

Executive group

Prof Keith Davidson

Equal opportunities

The company is committed to provide full opportunity for the development of all talents by using criteria based on merit and job performance alone in employment related decisions. It is further committed to ensure it does not discriminate on grounds of gender, marital status, race, colour, ethnic or national origins, age, religious belief, sexual orientation or disability.

Directors' statement as to disclosure of information to auditors

The directors who are members of the Board at the time of approving the financial report are listed on page 3. Having made enquiries of fellow directors, each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of the financial statements which is not disclosed in the financial statements;
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the auditor is aware of that information.

Auditors

Saffery Champness LLP were appointed as auditor during the year.

The Board report, incorporating the strategic report is approved

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Chair of Board

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
SAMS Trustee

Date: 28 October 2020

Date: 28 October 2020

The Scottish Association for Marine Science

Opinion

We have audited the financial statements of The Scottish Association for Marine Science for the year ended 31 March 2020 which comprise the group statement of financial activities, charity statement of financial activities, group balance sheet, charity balance sheet, group and charity 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2020 and of the group and parent charitable company's incoming resources and application of resources, including its income and expenditure, 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 ~~relevant~~ responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the ~~relevant~~ Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

The Scottish Association for Marine Science
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Independent auditor's report (continued)

Charity number: SC009206

To the members and trustees of The Scottish Association for Marine Science Company number: SC009292

Other information

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

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

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Responsibilities of trustees

As explained more fully in the Statement of Board Responsibilities set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 the 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 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006, and report in accordance with regulations made under these Acts.

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

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

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

The Scottish Association for Marine Science
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Independent auditor's report (continued)

Charity number: SC009206

To the members and trustees of The Scottish Association for Marine Science Company number: SC009292

Use of our report

This report is made solely to the charitable *53 6(4=~~B~~members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable *53 6(4=~~B~~trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable *53 6(4=~~B~~members and trustees those matters we are required to state to them in an (: +~~057~~Breport 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 company, the charitable *53 6(4=~~B~~members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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Eunice McAdam (Senior Statutory Auditor)
for an on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

CCCCCCCCCCCCCB
Kintail House
Beechwood Park
Inverness
IV2 3BW

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Scottish Association for Marine Science
(A company limited by guarantee)
Group statement of financial activities (including the income and
expenditure account)
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

	Note	Unrestricted funds £000	Restricted funds £000	2020 total £000	2019 total £000
Income from:					
Other trading activities	3a	1,684	6	1,690	1,672
Charitable activities	3c	1,881	7,426	9,307	8,580
Other income	3e	-	-	-	199
Total income		3,565	7,432	10,997	10,451
Expenditure on:					
Raising funds	4a	11	-	11	13
Charitable activities	5a	4,838	6,632	11,470	11,342
Total expenditure		4,849	6,632	11,481	11,355
Net income/(expenditure)		(1,284)	800	(484)	(904)
Transfers between funds	16	4,689	(4,689)	-	-
Other recognised gains/(losses):					
Pension surplus/(deficit)	19	743	-	743	(1,301)
Net movement in funds		4,148	(3,889)	259	(2,205)
Reconciliation of funds:					
Total funds brought forward		6,812	5,841	12,653	14,858
Total funds carried forward		10,960	1,952	12,912	12,653

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The Scottish Association for Marine Science

The Scottish Association for Marine Science
(A company limited by guarantee)

Group balance sheet
As at 31 March 2020

Charity number: SC009206
Company number: SC009292

	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	10		15,704		16,062
Current assets					
Stocks		23		16	
Debtors					

The Scottish Association for Marine Science
(A company limited by guarantee)

Charity balance sheet
As at 31 March 2020

Charity number: SC009206
Company number: SC009292

	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	10		15,689		16,051
Investments	11		39		39
			15,728		16,090
Current assets					
Stocks		7		7	
Debtors	12	3,527		3,412	
Cash at bank and in hand		970		570	
		4,504		3,989	
	13	(5,998)		(5,464)	
Net current liabilities			(1,494)		(1,475)
Net assets excluding pension liability			14,234		14,615
Defined benefit pension scheme liability	14		(1,616)		(2,303)
Net assets			12,618		12,312
Funds					
Unrestricted funds			10,666		6,471
Restricted funds	16		1,952		5,841
Total funds			12,618		12,312

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Chair of Board

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SAMS Trustee

The Scottish Association for Marine Science
(A company limited by guarantee)

Group and charity statement of cash flows

Charity number: SC009206

The Scottish Association for Marine Science
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

1 Accounting policies

Company information

SAMS is a company limited by guarantee with charitable status, domiciled and incorporated in Scotland. The registered office is Scottish Marine Institute, Oban, Argyll, PA37 1QA.

The financial statements are prepared in sterling, which is the functional currency of the group.

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1.1 Basis of preparation

The SAMS Group meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost modified to include fair values where appropriate.

1.2 Going concern

Going concern (continued)

SAMS Group has managed to maintain a good operating profit and cash position in the period to September 2020. The cash flow model prepared for the period to March 2022 is used to monitor performance closely. The cash flow model has been developed to include a comparison to the expected cash flow pre-COVID19 against the expected risks assessed as part of the restrictions currently in place. This is also measured monthly against actual cash balance and forecasts. The cash forecast remains in a positive position on a monthly basis throughout the period to 31 March 2022.

The monitoring of the financial situation by SAMS executive group and the Trustees COVID-19 Response Group includes any actions which will ensure the cash balance does not go into overdraft, reviewing the proposals being prepared and submitted for Research, Education and Enterprise to the various funders. There are also regular communications with SAMS main funders to ensure we are included in discussions and can participate in the additional funding available to the Universities and Research Institutes.

The directors have determined that the actions taken are sufficient to mitigate the uncertainty, as such the financial statements are prepared on a going concern basis.

1.3 Basis of consolidation

The consolidated statement of financial activities and balance sheet include the financial statements of SAMS and its subsidiary undertakings for the year ended 31 March 2020. Intra-group income, expenditure, surpluses and deficits are eliminated fully on consolidation.

1.4 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the first in first out method. Net realisable value comprises the net sales price of stock.

1.5 Fixed assets

All tangible fixed assets are stated at cost less accumulated depreciation. Individual items of capital equipment are included in the balance sheet only if their cost exceeds £5,000 (including irrecoverable value added tax where appropriate). Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Property	15 - 50 years
Vessels and vehicles	5 - 30 years
Scientific instruments and equipment	2 - 20 years
IT and computer equipment	2 - 10 years
Fixtures and fittings	2 - 20 years

Fixed assets (continued)

Assets under construction are not depreciated. On completion the assets are transferred to the relevant asset category and depreciated accordingly.

At each reporting end date The SAMS Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

1.6 Value added tax

As the Group is registered partially exempt for VAT purposes, expenditure and fixed assets are shown inclusive of irrecoverable value added tax where applicable.

1.7 Investments

Investments in subsidiaries and associates are all held at cost less impairment in the separate financial statements of the SAMS Group. Impairment is considered at each reporting end date. Any impairment is recognised in the Statement of Financial Activities.

1.8 Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the date of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of Financial Activities for the period.

1.9 Leasing commitments

1.10 Pensions

SAMS participates in the Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The

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Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

Pensions ecPen451de)

Expenditure (continued)

The cost of any unused holiday entitlement is recognised in the period in which the services are received. All expenditure is recognised when there is a present legal or constructive obligation at the reporting date as a result of a past event, a transfer of economic benefits is probable and the amount can be measured or estimated reliably.

1.13 Financial assets

The charity has elected to apply the provisions of Section 11 D (8) Financial 487: 3, 49E and Section PQ# 9, 7LQ(4*Q 2487: 3, 49E, 8E: 2B

Financial assets are recognised in the */(79-B balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a m96rih r-3(g)4(7(f t)-3(n)4(g)3-3(rest)-374(2)2(n)3(n)4(g)3-3(rest)-374(2)2(n)3(n)4(g)39ri)-1(Efu)4

Financial assets - impairment

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets - derecognition

1.14 Cash and cash equivalents

1.15 Financial liabilities

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LQ(4*Q 220) 0908(7, 7, *5. 48 + 9, */(79-B) (14*, 8, , 9< /, 4, 9, */(79-), *53, 86(79-95. the contractual provisions of the instrument. Financial liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of recognition.

The Scottish Association for Marine Science
(A company limited by guarantee)

Notes to the financial statements

Charity number: SC009206

The Scottish Association for Marine Science
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

3a Income from other trading activities 644.16 0 0 44.0Tf9i.85(o)5(m)-ap

The Scottish Association for Marine Science
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

Government grants included in the income above are as follows:

	2020 £000	2019 £000
United Kingdom Research & Innovation	3,149	2,764
European Union	1,378	1,161
Non-Departmental Public Bodies	206	107
Enterprises Schemes	282	158
Scottish Funding Council	1,916	2,267
	6,931	6,457

3d Income from charitable activities (charity)

	Unrestricted funds £000	Restricted funds £000	2020 total £000	2019 total £000
	652	974	1,626	1,973
	1,792	6,452	8,244	7,139
	2,444	7,426	9,870	9,112

Government grants included in the income above are as follows:

	2020 £000	2019 £000
United Kingdom Research & Innovation	3,149	2,764
European Union	1,312	1,135
Non-Departmental Public Bodies	206	

3e Other income

Group other unrestricted income consists of £nil (2019 - £114k, being funding received by the */(794B subsidiary SRSI from the repatriation of monies held previously in Papua New Guinea, together with £43k RDEC receivable in respect of SRSI RDEC claims). Other restricted income for the group and the charity was £42k in respect of Highland and Island Enterprises grant contribution to the SAMS Development Strategy.

4a Expenditure on raising funds (group)

	Unrestricted funds £000	Restricted funds £000	2020 total £000	2019 total £000
Marketing, publications and newsletters	11	-	11	13

Expenditure on raising funds was £11k (2019 - £13k). This expenditure was unrestricted in full in both years.

4b Expenditure on raising funds (charity)

	Unrestricted funds £000	Restricted funds £000	2020 total £000	2019 total £000
Marketing, publications and newsletters	10	-	10	11

Expenditure on raising funds was £10k (2019 - £11k). This expenditure was unrestricted in full in both years.

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Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

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Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC009206
Company number: SC009292

6 Net income/(expenditure) for the year

	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£000	£000	£000	£000

This is stated after charging/crediting:

Auditor remuneration:

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Notes to the financial statements
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Charity number: SC009206
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8 Analysis of staff costs

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Wages and salaries	5,347	5,025	5,298	4,991
Social security costs	458	452	458	448
Pension costs	891	707	887	705
	6,696	6,184	6,643	6,144

The average number of persons employed during the year was as follows:

	Group 2020 Number	Group 2019 Number	Charity 2020 Number	Charity 2019 Number
Administration	60	58	60	58
Research	55	56		

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Charity number: SC009206
Company number: SC009292

9 Expenditure

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Activities in furtherance of charitable activities				
Administration	2,745	2,464	2,689	2,426
Research	2,879	2,764	2,882	2,762
Technical	1,014	956	1,014	956
	6,638	6,184	6,585	6,144
Scientific consumables	2,910	3,070	2,812	3,267

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For the year ended 31 March 2020

Charity number: SC009206
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10 Tangible fixed assets (group)

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
Cost					
At 1 April 2019	-	20,232	640	11,600	

10 Tangible fixed assets (charity)

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
Cost					
At 1 April 2019	-	20,232	640	11,341	32,213
Additions	116	82	17	384	599
Transfer completed project	-	-	-	-	-
Disposals	-	-	(99)	-	(99)
At 31 March 2020	116	20,314	558	11,725	32,713
Depreciation					
At 1 April 2019	-	6,022	615	9,525	16,162
Charge for the year	-	410	8	543	961
On disposals	-	-	(99)	-	(99)
At 31 March 2020	-	6,432	524	10,068	17,024
Net book value					
At 31 March 2020	116	13,882	34	1,657	15,689
At 31 March 2019	-	14,210	25	1,816	16,051

The value of capital commitments at 31 March 2020 was £70k (2019 - £313k).

11 Investments

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Subsidiaries	-	-	39	39
Other fixed asset investment	-	-	-	-
	-	-	39	39

11 Investments (continued)

Other fixed asset investment (group)

	2020	2019
	£000	£000
Cost at 1 April	53	53
Impairment	(53)	(53)
Net book value at 31 March	-	-

Subsidiary undertakings (charity)

	<i>Voting holding</i>	<i>Shares held</i>	<i>Nature of business</i>
SAMS Research Services Limited (SC224404)	Ordinary shares	100%	Consultancy
The European Centre for Marine Biotechnology (SC205318)	Limited by guarantee	Sole member	Non trading
Scottish Marine Institute (SC394197)	Limited by guarantee	Sole member	Non trading
SAMS Limited (SC306912)	Ordinary shares	100%	Commercial

	SAMS Research Services Limited		SAMS Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Turnover	1,448	1,439	140	140
Cost of sales	(1,227)	(1,077)	(50)	(57)
Gross profit	221	362	90	83
Administrative expenses	(130)	(23)	(10)	(40)
Profit before taxation	91	339	80	43
Tax on profit	31	43	-	-
Profit for the year	122	382	80	43
Net assets	246	357	88	26

The Scottish Association for Marine Science

13 Creditors: amounts falling due within one year (continued)

Analysis of payments received in advance:

	Brought forward £000	Released during the year £000	Deferred this year £000	Carried forward £000
Group				
2020	4,249	(4,179)	4,582	4,652
2019	3,290	(3,337)	4,296	4,249
Charity				
2020	4,114	(4,113)	4,437	4,438
2019	3,197	(3,309)	4,226	4,114

Payments in advance represent amounts received in relation to the core activities of the charity for which entitlement to the income falls in future periods.

14 Provisions for liabilities

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Pension deficit obligations (note 19)	1,616	2,303	1,616	2,303

15 Other financial commitments

At 31 March 2020 the company had commitments under non-cancellable operating leases as set out below:

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Within one year	38	38	3	7
Within two to five years	122	128	-	3
Later than five years	-	14	-	-
	160	180	3	10

16 Restricted funds

	At 1 April 2019 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2020 £000
Group					
Fixed asset funds	5,841	322	(678)	(4,689)	796
Research projects	-	7,110	(5,954)	-	1,156
	5,841	7,432	(6,632)	(4,689)	1,952
Charity					
Fixed asset funds	5,841	322	(678)	(4,689)	796
Research projects	-	7,110	(5,954)	-	1,156
	5,841	7,432	(6,632)	(4,689)	1,952
	At 1 April 2018 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2019 £000
Group					
Fixed asset funds	6,199	223	(581)	-	5,841
Research projects	-	6,292	(6,292)	-	-
	6,199	6,515	(6,873)	-	5,841
Charity					
Fixed asset funds	6,199	223	(581)	-	5,841
Research projects	-	6,292	(6,292)	-	-
	6,199	6,515	(6,873)	-	5,841

Capital grants are recognised as restricted income in the year in which they are received and the depreciation on all fixed assets funded by capital grants is recognised as an expense against the restricted fund.

17 Analysis of net liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Group (2020)			
Fixed assets	14,908	796	15,704
Net current liabilities	(2,332)	1,156	(1,176)
Long term liabilities	(1,616)	-	(1,616)
	<u>10,960</u>	<u>1,952</u>	<u>12,912</u>
Group (2019)			
Fixed assets	10,221	5,841	16,062
Net current liabilities	(1,106)	-	(1,106)
Long term liabilities	(2,303)	-	(2,303)
	<u>6,812</u>	<u>5,841</u>	<u>12,653</u>
Charity (2020)			
Fixed assets	14,932	796	15,728
Net current liabilities	(2,650)	1,156	(1,494)
Long term liabilities	(1,616)	-	(1,616)
	<u>10,666</u>	<u>1,952</u>	<u>12,618</u>
Charity (2019)			
Fixed assets	10,249	5,841	16,090
Net current liabilities	(1,475)	-	(1,475)
Long term liabilities	(2,303)	-	(2,303)
	<u>6,471</u>	<u>5,841</u>	<u>12,312</u>

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19 Pension commitments (continued)

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since SAMS cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI +0.14% reducing linearly to CPI -0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

19 Pension commitments (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the 87, 3, 6 experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are

2018 valuation mortality base table

Pre-retirement:	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Post retirement:	XVBY 5- & \$&P' ! ~ F2/9G-573 (28(4+ PCBY 5- RFV00 for females
Future improvements to mortality:	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2019 and 2020.

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	4.20%	2.11%

In accordance with Section 28 of FRS 102, Ff13 6E=, , 1, 4, -98G

19 Pension commitments (continued)

The total cost charged to the Statement of Financial Activities is £687k credit (2019 - £1,246k) of which £743k credit (2019 - £1,301k) is disclosed for the charity and the group as other recognised gains and losses. A further £56k (2019 - £55k credit) of pension costs and interest is charged against expenditure on charitable activities.

20 Financial instruments

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Carrying amount of financial assets				
Measured at amortised cost	<u>726</u>	<u>1,364</u>	<u>1,087</u>	<u>1,212</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>1,106</u>	<u>1,219</u>	<u>1,383</u>	<u>1,192</u>

Debt instruments measured at amortised cost comprises other debtors.

Liabilities measured at amortised cost comprises other creditors and accruals.

21 Related party transactions

SAMS is a constituent partner of the University of the Highlands and Islands (UHI). During the year ended 31 March 2020, income of £1,742,382 (2019 - £1,752,087) was received from UHI in relation to higher education activities and payments of £42,706 (2019 - £24,298) were made to UHI. Amounts due from UHI at 31 March 2020 were £232,898 (2019 - £270,335) and amounts due to UHI were £4,616 (2019 - £nil).

22 Post balance sheet events

Since March 2020, the spread of COVID-19 has impacted the UK and Scottish economy. The measures taken to contain the spread of the virus have resulted in serious disruption to businesses and an economic slowdown. SAMS Group is not immune to these impacts with its revenues and cashflow being impacted. The results for the first quarter of financial year 2020-21 shows SAMS group has managed to maintain a good operating profit and cash position, which are ahead of budget for the year to date.

SAMS has continued to operate throughout with appropriate safeguards in place to protect our staff and users. Use has been made of the Government Coronavirus Job Retention Scheme, where appropriate. The impact of the pandemic has been fully considered by the Board in making ~~an~~ ongoing concern assessment, further details of which are provided in note 1.2.