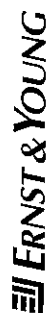


PLYMOUTH MARINE LABORATORY 4178503

A Company Limited by Guarantee

Report and Accounts

31 March 2003

 ERNST & YOUNG



Plymouth Marine Laboratory  
A Company Limited by Guarantee

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REPORT OF THE TRUSTEES

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Plymouth Marine Laboratory  
A Company Limited by Guarantee

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REPORT OF THE TRUSTEES

**LEGAL AND ADMINISTRATIVE INFORMATION**

***Constitution***

Plymouth Marine Laboratory is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Charity number 1091222. Company number 4178503.

***Directors and Trustees***

The Directors of the charitable company ("the charity") are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees are subject to retirement by rotation at the Annual General Meeting, but can be re-elected by the Members. However, Trustees must retire after serving a period of five consecutive years.

The Trustees serving during the year and since the year end were as follows:-

The Rt Hon Lord Kingsland QC (Chairman)

Mr H Durowse

Dr C Jackson

Mr T Lewis

Dr M Tricker

Prof. J Field

Mr D Peat (appointed 4 April 2003)

Dr H Cattle (appointed 24 April 2003)

**COMPANY SECRETARY**

Mrs B Tremain

**MEMBERS**

Prof. N Owens

Dr C Jackson

Dr P Claridge

Mr T Lewis

**CHIEF EXECUTIVE**

Prof. N Owens

**REGISTERED OFFICE**

Prospect Place, West Hoe, Plymouth, PL1 3DH

**AUDITORS**

Ernst & Young LLP

Broadwalk House

Southernhay West

Exeter

EX1 1LF

Plymouth Marine Laboratory  
A Company Limited by Guarantee

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REPORT OF THE TRUSTEES

**BANKERS**

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

**SOLICITORS**

Foot Anstey Sargent  
4-6 Barnfield Crescent  
Exeter  
EX1 1RF

# **Plymouth Marine Laboratory**

## **A Company Limited by Guarantee**

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### **REPORT OF THE TRUSTEES**

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the period ended 31 March 2003. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

#### **OBJECTS OF THE CHARITY**

The charity is a company limited by guarantee and was incorporated on 13 March 2001 and registered as a charity on 20 March 2002. It is governed by its Memorandum and Articles of Association which were last amended on 14 March 2002. Its objects are to carry out research in environmental science and technology including marine and estuarine environmental science and technology, and disseminate results of such research and data and ideas generated in the course of or in connection with such research for the benefit of the public and to advance public education in the principles and practice of such science and technology.

#### **ORGANISATION**

A Board of Trustees of up to 9 members administers the charity and meets at least 3 times per year. There is a sub-committee, the Remuneration Committee, that deals with issues of staff remuneration, including pensions, and recommendations by the Remuneration Committee are submitted to the full Board for approval. At present the entire Board acts as the Audit Committee, but this will be reviewed in the near future following the recent appointment of a Trustee with specific financial expertise. A Chief Executive is in post who manages the day-to-day operations of the charity with the Senior Management Team. A Statement of Delegated Authority has been approved by the Trustees which outlines the respective authorities of the Board of Trustees and the Executive. The charity has a wholly owned trading subsidiary and a member of the Board of Trustees is a Non-Executive Director on the Board of the trading subsidiary. The Executive Chairman of the trading subsidiary is appointed by the Board of Trustees and reports to them at every Board meeting of the Trustees.

#### **INVESTMENT POWERS**

Under the terms of the Memorandum and Articles of Association the Trustees may engage an Investment Manager who can be appropriately remunerated, and/or may appoint an Investment Committee consisting of two or more Trustees.

#### **RELATED PARTIES**

The charity has a close relationship with the Natural Environment Research Council (NERC), a body incorporated by Royal Charter. NERC is one of the charity's principal "customers" for research and by way of a staff loan agreement a number of NERC staff work for the charity. The charity is also part of the Plymouth Marine Sciences Partnership through a Memorandum of Understanding and has a good relationship with its fellow members, which include three charities.

## REPORT OF THE TRUSTEES

### REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

In its first year of operation the charity has delivered an excellent financial result based on strong financial management. Costs were contained within budget and income from commissioned research has met targets. Scientific output has been high with 116 peer-reviewed publications submitted to respected journals, together with 4 book chapters. The charity has fully discharged the requirements of its objects of undertaking research for the benefit of the public through its main business activities. The charity has also awarded three PhD studentships. The charity has fully addressed the requirement of its objects of advancing public education by *inter alia*:

- four of its staff becoming Science Ambassadors for schools;
- arranging an exhibition on marine science for schoolchildren and awarding a nominal prize, and
- awarding 2 prizes to undergraduate students at the University of Plymouth
- giving interviews to a variety of media on items of public interest in marine science
- running a web site

The charity also won a prestigious grant for research from the Leverhulme Trust.

A Strategic Plan was adopted in February 2003 and identified five key priority areas for the development of the charity, i.e.

- To maximise and sustain the delivery of innovative, leading edge and relevant marine science and technology in the charity's priority areas.
- To develop excellent business systems in order to maximise the effectiveness of the charity's research and its value to its stakeholders.
- To attract, retain and develop top-class skilled people with the intellectual and practical skills to work flexibly in an organisation which provides an ethical, safe, well equipped, and learning environment for staff, students and visitors.
- To work with its trading subsidiary in the development and support of its business strategy and activities for the long-term benefit of the PML Group.
- To establish and nurture a key network of regional, national and international organisations.

An Operating Plan has also been adopted to deliver these priorities.

The charity's wholly-owned trading subsidiary, Plymouth Marine Applications Limited (PMA), undertook its first full year of operation, the results of which are shown in the Financial Statements. The Trustees are pleased with the commercial success of this venture which allows additional funds to be generated to meet the charity's objectives.

The results for the year are detailed in the Financial Statements. The Financial Statements consolidate the results of the charity and PMA. Unrestricted Funds at 31 March 2003 total £947,410 and Restricted Funds £802,484. The latter represents the net book value at 31 March 2003 of the plant and equipment gifted to the charity by NERC at 1 April 2002.

The staff are to be thanked for their efforts in this first year of the charity.

## REPORT OF THE TRUSTEES

### RISK MANAGEMENT

A risk management policy has been developed and adopted by the charity. In addition, a comprehensive analysis of risks to which the charity is exposed was undertaken and systems identified and put in place to mitigate risk. Under the terms of the risk management policy the Executive (Senior Management Team) will carry out a periodic evaluation of the risks and report its findings to the Trustees on a quarterly basis for their review, together with formal appraisal of risk evaluation on an annual basis.

### RESERVES POLICY

A reserves policy has been developed and adopted by the charity. This policy provides for the maintenance of free reserves (unrestricted funds) at a level of at least £500,000 in order to provide adequate working capital levels for the ongoing operation of the charity and to mitigate the risks to the charity in the short-term of new contracts not being signed up. The policy also provides, where possible and appropriate, to build up designated reserves from time to time to cover specific capital and other projects.

### INVESTMENT POLICY

The charity has yet to develop an investment policy, although the matter is under consideration and it is envisaged that the Trustees will be in a position to ratify a formal policy at their October 2003 meeting. In addition, the Trustees investment powers are laid out in the Memorandum and Articles of Association.

### TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees and signed on their behalf by:

The Rt. Hon. Lord Kingsland QC (Chairman)

Date: *Kingsland* .....

*25/7/03*

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

We have audited the financial statements of the company for the period ended 31 March 2003 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Statement of Cash Flows and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLYMOUTH MARINE  
LABORATORY - A COMPANY LIMITED BY GUARANTEE (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 March 2003 and of its incoming resources and application of resources for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP

Registered Auditor

Exeter

Date 7.8.2003

Plymouth Marine Laboratory  
A Company Limited by Guarantee

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
at 31 March 2003

	Notes	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
<b>INCOMING RESOURCES</b>					
Activities in furtherance of the Charity's objects:					
NERC: Core Funding	3	2,973,260	-	2,973,260	-
Infrastructure Funding	3	1,433,220	-	1,433,220	-
Estates and other sundry funding	3	517,169	-	517,169	-
Gifting of Plant/Equipment			1,121,399	1,121,399	-
Research Income	3	1,963,775	-	1,963,775	-
Deferred Income on Capital Expenditure released		55,651	-	55,651	-
		6,943,075	1,121,399	8,064,474	-
Activities for generating funds:					
Commercial trading operations	5	106,991		106,991	-
Bank interest		24,657		24,657	-
Other income	4	304,897		304,897	-
Total incoming resources		7,379,620	1,121,399	8,501,019	-
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Commercial trading activities	5	126,978		126,978	-
Charitable expenditure:					
Research activities	6	5,698,623		5,698,623	-
Management and administration of the Charity	7	925,524		925,524	-
		6,624,147	-	6,624,147	-
Total resources expended		6,751,125	-	6,751,125	-
Net incoming resources before transfers		628,495	1,121,399	1,749,894	-
Transfer	11	318,915	(318,915)	-	-
Fund balances brought forward at 25 March 2002		-	-	-	-
Fund balances carried forward at 31 March 2003		947,410	802,484	1,749,894	-

There are no other recognised gains or losses other than the above surplus of £1,749,894 (2002 - £Nil)

Plymouth Marine Laboratory  
A Company Limited by Guarantee

CONSOLIDATED BALANCE SHEET  
at 31 March 2003

	Notes	Group		Charity	
		31.3.03 £	24.3.02 £	31.3.03 £	24.3.02 £
<b>FIXED ASSETS</b>					
Tangible assets	12	1,282,982	-	1,248,825	-
Investments	13	3	-	3	3
		<u>1,282,985</u>	<u>-</u>	<u>1,248,828</u>	<u>3</u>
<b>CURRENT ASSETS</b>					
Debtors	14	474,543	-	521,907	-
Cash at bank and in hand		2,545,714	-	2,517,387	-
		<u>3,020,257</u>	<u>-</u>	<u>3,039,294</u>	<u>-</u>
<b>CREDITORS:</b> amounts falling due within one year	15	(1,884,532)	-	(1,868,616)	(3)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>1,135,725</u>	<u>-</u>	<u>1,170,678</u>	<u>(3)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,418,710</u>	<u>-</u>	<u>2,419,506</u>	<u>-</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16	(668,816)	-	(649,625)	-
		<u>1,749,894</u>	<u>-</u>	<u>1,769,881</u>	<u>-</u>
<b>FUNDS</b>	20				
Unrestricted		947,410	-	967,397	-
Restricted		802,484	-	802,484	-
		<u>1,749,894</u>	<u>-</u>	<u>1,769,881</u>	<u>-</u>

*Kingsland*  
*Chubb* ) Directors

25/7/03

Plymouth Marine Laboratory  
A Company Limited by Guarantee

STATEMENT OF CASH FLOWS  
for the period ended 31 March 2003

	Notes	2003 £	2002 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	22(a)	2,234,794	-
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Bank interest received		24,657	-
<b>TAXATION</b>		-	-
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets and investments		(544,402)	-
Capital grants received		530,665	-
<b>FINANCING</b>			
Advance of infrastructure funding		300,000	-
<b>INCREASE IN CASH</b>		<u>2,545,714</u>	<u>-</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2003 £	2002 £
Increase in cash		2,545,714	-
Cash inflow from advance in infrastructure funding		(300,000)	-
Change in net funds resulting from cash flows		<u>2,245,714</u>	<u>-</u>
<b>NET FUNDS AT 25 MARCH 2002</b>		-	-
<b>NET FUNDS AT 31 MARCH 2003</b>	22(b)	<u>2,245,714</u>	<u>-</u>

Plymouth Marine Laboratory  
A Company Limited by Guarantee

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NOTES TO THE ACCOUNTS  
at 31 March 2003

1 ACCOUNTING POLICIES

(a) *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with the requirements of the revised Statement of Recommended Practice – Accounting and Reporting by Charities ('SORP 2000').

(b) *Fixed Assets and Depreciation*

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

Tangible fixed assets are included at their historical cost.

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

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

Fixed assets are depreciated in the month of acquisition, but are not depreciated in the month of disposal.

In accordance with the provisions of FRS 15 C paragraph 83, the components of assets with substantially different economic lives are accounted for separately for depreciation purposes and depreciated over their individual useful economic lives.

(c) *Research and Development*

As an organisation wholly engaged in research, the group does not classify research and development expenditure separately in the accounts.

(d) *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.

(e) *Insurance*

After leaving NERC, the group carried out a full evaluation of all its insurance needs. It has now put in place policies it considers appropriate to cover its statutory requirements and to reduce risk in all areas of the business.

(f) *Foreign Currencies*

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

Plymouth Marine Laboratory  
A Company Limited by Guarantee

NOTES TO THE ACCOUNTS  
at 31 March 2003

1 ACCOUNTING POLICIES

(g) *Pensions*

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

(h) *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.

(i) *Stocks*

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

(j) *Long term contracts- Commissioned Research*

The majority of contracts are for 3 years duration. During the period of the contract, income is only credited to the Income and Expenditure account if it is matched by activity within the contract. Should funds be provided within the contract to purchase capital equipment but ownership of that equipment resides with the customer, then the equipment is not capitalised on the Balance Sheet. Should ownership of the equipment reside with the group, the equipment is capitalised and the specific income provided for its purchase is spread over the life of the asset.

2 INCOME

Income is attributable to continuing activities and represents the amounts derived from the ongoing research activities stated net of value added tax.

3 CHARITABLE INCOME

	<i>Deferred Income re</i>		<i>Net</i>	<i>Net</i>
	<i>Gross Income</i>	<i>Capital Expenditure</i>	<i>Income</i>	<i>Income</i>
	<i>2003</i>	<i>2003</i>	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
NERC:Core funding	3,052,000	(78,740)	2,973,260	-
Infrastructure funding	1,473,000	(39,780)	1,433,220	-
Estates and other sundry funding	706,117	(188,948)	517,169	-
Research income	2,158,886	(195,111)	1,963,775	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Plymouth Marine Laboratory  
A Company Limited by Guarantee

NOTES TO THE ACCOUNTS  
at 31 March 2003

4 OTHER INCOME

	2003	2002
	£	£
ERDF grant	90,952	-
Reimbursements	114,488	-
VAT recoverable (due to partial exemption)	26,219	-
Property rental	7,424	-
Loss on disposal of fixed assets	(15,514)	-
Others	81,328	-
	<u>304,897</u>	<u>-</u>

5 COMMERCIAL TRADING OPERATIONS

The wholly-owned trading subsidiary, Plymouth Marine Applications Limited, pays all its profits, if available, to the charity by gift aid. A summary of the trading results is shown below.

<i>Summary profit and loss account</i>	2003	2002
	£	£
Turnover	106,991	-
Cost of sales and administrative expenses	126,978	-
	<u>(19,987)</u>	<u>-</u>
Net loss	-	-
Amount gifted to the charity	-	-
	<u>(19,987)</u>	<u>-</u>
Retained in the subsidiary	<u>(19,987)</u>	<u>-</u>

The assets and liabilities of the subsidiary were:

Fixed Assets	34,160	-
Current assets	83,085	1
Current liabilities	(68,040)	-
Creditors: amounts falling due after more than one year	(50,000)	-
	<u>(19,986)</u>	<u>1</u>
Total net assets	<u>(19,986)</u>	<u>1</u>
Aggregate share capital and reserves	<u>(19,986)</u>	<u>1</u>

Plymouth Marine Laboratory  
A Company Limited by Guarantee

NOTES TO THE ACCOUNTS  
at 31 March 2003

6 CHARITABLE EXPENDITURE-RESEARCH ACTIVITY

	2003 £	2002 £
Wages and salaries of research staff	2,727,607	-
Recurrent costs:		
Science	1,098,244	-
Science support	1,534,234	-
Depreciation	338,538	-
	<u>5,698,623</u>	<u>-</u>

7 MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	2003 £	2002 £
Senior management and administrative salaries, wages and employee costs	516,566	-
Administration costs	354,552	-
Market research and advertising	54,406	-
	<u>925,524</u>	<u>-</u>

8 STAFF COSTS

	2003 £	2002 £
Wages and salaries	2,770,578	-
Social security costs	202,761	-
Other pension costs	270,834	-
	<u>3,244,173</u>	<u>-</u>

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

	2003 £	2002 £
Permanent staff: Science and support	82	-
Senior management and administration	17	-
	<u>99</u>	<u>-</u>
Temporary staff	11	-
	<u>110</u>	<u>-</u>



Plymouth Marine Laboratory  
A Company Limited by Guarantee

NOTES TO THE ACCOUNTS  
at 31 March 2003

9 NET OUTGOING RESOURCES

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

	2003	2002
	£	£
Auditors' remuneration - audit	14,100	-
- other services	12,132	-
Depreciation of owned fixed assets	365,547	-
Operating lease rental - land and buildings	-	-
Deferred grants released	58,929	-
	<u>          </u>	<u>          </u>

(b) *Directors' emoluments*

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

10 TAXATION

The company is a registered charity and no provision for taxation is considered necessary.

11 TRANSFER

A transfer has been made to represent the depreciation charge initially borne by unrestricted funds in respect of assets contained within restricted funds.

12 TANGIBLE FIXED ASSETS

Group	Plant and scientific equipment £	Ships and vehicles £	Total £
Cost:			
At 25 March 2002	-	-	-
Acquisitions	3,375,643	81,661	3,457,304
Additions	544,399	-	544,399
Disposals and assets written off	(649,555)	(15,198)	(664,753)
At 31 March 2003	<u>3,270,487</u>	<u>66,463</u>	<u>3,336,950</u>
Depreciation:			
At 25 March 2002	-	-	-
Acquisitions	2,255,244	80,661	2,335,905
Charge for the year	364,547	1,000	365,547
Disposals and assets written off	(632,286)	(15,198)	(647,484)
At 31 March 2003	<u>1,987,505</u>	<u>66,463</u>	<u>2,053,968</u>
Net book amounts:			
At 31 March 2003	<u>1,282,982</u>	<u>-</u>	<u>1,282,982</u>
At 25 March 2002	<u>-</u>	<u>-</u>	<u>-</u>

Plymouth Marine Laboratory  
A Company Limited by Guarantee

NOTES TO THE ACCOUNTS  
at 31 March 2003

12 TANGIBLE FIXED ASSETS (continued)

<i>Charity</i>	<i>Plant and scientific equipment £</i>	<i>Ships and vehicles £</i>	<i>Total £</i>
Cost:			
At 25 March 2002	-	-	-
Acquisitions	3,375,643	81,661	3,457,304
Additions	505,731	-	505,731
Disposals and assets written off	(649,555)	(15,198)	(664,753)
At 31 March 2003	3,231,819	66,463	3,298,282
Depreciation:			
At 25 March 2002	-	-	-
Acquisitions	2,255,244	80,661	2,335,905
Charge for the year	360,036	1,000	361,036
Disposals and assets written off	(632,286)	(15,198)	(647,484)
At 31 March 2003	1,982,994	66,463	2,049,457
Net book amounts:			
At 31 March 2003	1,248,825	-	1,248,825
At 25 March 2002	-	-	-

13 INVESTMENTS

<i>Group</i>	<i>Shares in Unquoted companies £</i>
Cost	
At 25 March 2002	-
Additions	3
At 31 March 2003	3

Plymouth Marine Laboratory  
A Company Limited by Guarantee

NOTES TO THE ACCOUNTS  
at 31 March 2003

13 INVESTMENTS (continued)

The Group owns 14.3% of the share capital of Bioelf Limited, a company incorporated in England and Wales which seeks to exploit and manage intellectual property.

Charity Investment in  
subsidiary undertaking  
£

Cost at 31 March 2003 and 25 March 2002 3

The subsidiary undertaking at 31 March 2003 was:-

Name of company	Country of incorporation	Nature of business	Proportion of shares held: Ordinary shares
Plymouth Marine Applications Limited	England	Marine research	100%

In the opinion of the directors, the aggregate value of the company's investment in its subsidiary is not less than the amount at which it is stated above.

14 DEBTORS

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	182,551	-	159,608	-
Amounts owed by subsidiary undertaking	-	-	102,121	-
Accrued income	198,445	-	174,384	-
Other debtors	7,753	-	-	-
Prepayments	85,794	-	85,794	-
	<u>474,543</u>	<u>-</u>	<u>521,907</u>	<u>-</u>

Included in amounts owed by subsidiary undertaking is a loan of £50,000 repayable by 31 August 2004. Interest is chargeable at 1% above bank base rate.

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15 CREDITORS: amounts falling due within one year

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	239,995	-	239,995	-
Amounts owed to subsidiary undertaking	-	-	-	-
Other creditors	15,252	-	15,255	-
Other taxation and social security	-	-	-	-
Deferred income	1,416,935	-	1,407,014	-
Deferred capital grants (note 17)	102,920	-	97,303	-
Accruals	109,430	-	109,049	-
	<u>1,884,532</u>	<u>-</u>	<u>1,868,616</u>	<u>-</u>

16 CREDITORS: amounts falling due after more than one year

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
NERC: Infrastructure funding prepaid (Interest free, to be repaid at £75,000 pa from 1 April 2004)	300,000	-	300,000	-
Deferred capital grants (note 17)	368,816	-	349,625	-
	<u>668,816</u>	<u>-</u>	<u>649,625</u>	<u>-</u>

17 DEFERRED CAPITAL GRANTS

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Amounts to be released:				
Within one year	102,920	-	97,303	-
In two to five years	343,225	-	324,034	-
In over five years	25,591	-	25,591	-
	<u>471,736</u>	<u>-</u>	<u>446,928</u>	<u>-</u>

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Deferred capital grants are analysed as follows:				
Current obligations (note 15)	102,920	-	97,303	-
Non-current obligations (note 16)	368,816	-	349,625	-
	<u>471,736</u>	<u>-</u>	<u>446,928</u>	<u>-</u>

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17 DEFERRED CAPITAL GRANTS (continued)

Analysis of changes in deferred capital grants during the year:

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
At 25 March 2002	-	-	-	-
Received during the year	530,665	-	502,580	-
Released during the year	(58,929)	-	(55,652)	-
At 31 March 2003	471,736	-	446,928	-

18 CALLED UP SHARE CAPITAL

The company is a company limited by guarantee and does not have a share capital. The limit of each member's guarantee is £1.

19 OTHER FINANCIAL COMMITMENTS

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	Charity	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	-	-
In two to five years	17,703	-
in over five years	2,593	-

20 STATEMENT OF FUNDS

	Balance at 25.3.02	Movement in Incoming	Resources outgoing	Balance at 31.3.03
	£	£	£	£
Restricted funds	-	1,121,399	(318,915)	802,484
Unrestricted funds	-	7,379,620	(6,432,210)	947,410
Total funds	-	8,501,019	(6,751,125)	1,749,894

Restricted funds represent the net book value of plant and equipment gifted to the charity by NERC at 1 April 2002.

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NOTES TO THE ACCOUNTS  
at 31 March 2003

21 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	<i>Restricted Funds</i>	<i>Unrestricted funds</i>	<i>Total</i>
	£	£	£
Tangible fixed assets	802,484	480,498	1,282,982
Investments	-	3	3
Net current assets	-	1,135,725	1,135,725
Long term liabilities	-	(668,816)	(668,816)
	<u>802,484</u>	<u>947,410</u>	<u>1,749,894</u>

22 NOTES TO THE STATEMENT OF CASH FLOWS

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

	<i>Group</i>	
	2003	2003
	£	£
Net incoming resources for the year	628,495	-
Depreciation	365,547	-
Deferred government grants released	(58,929)	-
Increase/(decrease) in debtors	(474,543)	-
(Decrease)/increase in creditors	1,781,612	-
Bank Interest receivable	(24,657)	-
Loss on disposal of fixed assets	17,269	-
Net cash inflow from operating activities	<u>2,234,794</u>	<u>-</u>

(b) Analysis of net funds

	<i>At 25 March 2002</i>	<i>Cash flow</i>	<i>At 31 March 2003</i>
	£	£	£
Cash at bank and in hand	-	2,545,714	2,545,714
Advance of infrastructure funding	-	(300,000)	(300,000)
	<u>-</u>	<u>2,245,714</u>	<u>2,245,714</u>

23 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £276,825 for the Charity and Group (2002 £nil for Charity and Group).

24 RELATED PARTY TRANSACTIONS

The Charity has taken advantage of the exemption under FRS8 not to disclose intra-group transactions with its subsidiary.

NOTES TO THE ACCOUNTS  
at 31 March 2003

**25 PENSION COMMITMENTS**

NERC employees are entitled to be members of the Research Councils' 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 Councils' Joint Superannuation Service, and the finances administered by the Biotechnology Sciences Research Council. The scheme is a multi-employer scheme, for which a separate Research Councils' Pension Scheme account is published. NERC are unable to identify their share of the underlying assets and liabilities.

Employees, who joined after 31 March 2002, are entitled to be members of the Plymouth Marine Laboratory Group Pension Scheme. This is a defined contribution scheme administered by Scottish Life. The scheme commenced on 1 April 2002 and contributions for the year were employer's 5.5% and employee's 3.5%.