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Plymouth Marine Laboratory
A Company Limited by Guarantee
Report and Accounts

31 March 2008

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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 2008. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP), revised in 2005, in preparing the annual report and financial statements of the Charity.

Reference and Administrative details

Charity Name

Plymouth Marine Laboratory, also known as PML

Charity Number

1091222

Company Number

4178503

Registered Office

Prospect Place, The Hoe, Plymouth, PL1 3DH

Directors and Trustees

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

The Rt Hon Lord Kingsland QC (Chairman)

Dr H Cattle

Mr H Durowse

Prof J Field

Prof C Knowles

Mr T Lewis

Mrs K Morgan

Mr D Peat (Honorary Treasurer)

Report of the Trustees

Senior Management Team

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

Prof N Owens (Chief Executive until 31 August 2007)
Dr P Claridge (Acting Chief Executive from 1 September 2007)
Mr I Allen (from November 2007)
Dr M Austen
Prof T Hutchinson (from October 2007)
Mr D Loynes
Mrs C Smith (formerly Reardon)
Mr D Robins
Dr C Robinson (until end September 2007)
Mrs B Tremain (Company Secretary)

Auditors

Ernst & Young LLP, Broadwalk House, Southernhay West, Exeter, EX1 1LF

Bankers

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

Solicitors

Foot Anstey, 21 Derry's Cross, Plymouth, PL1 2SW

Investment Managers

HSBC Investments, 78 St James's Street, London, SW1A 1HL

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

Plymouth Marine Laboratory is a company limited by guarantee governed by its Memorandum and Articles of Association dated 13 May 2001 and amended by special resolutions. It is registered as a charity with the Charity Commission. Membership of the Charity is open to any individual or organization interested in promoting the Objects. There are currently four members, each of whom undertakes to contribute such amount as may be required (not exceeding £10) to the Charity's assets in the event of it being wound up.

Appointment of Trustees

As laid down in the Articles of Association, the Chair of the Trustees, as well as the Treasurer and other honorary officers are appointed by 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, 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 2 years, or if the Trustee is elected as Chairman, whereupon his/her term will be deemed to have recommenced.

The Charity has in place a policy and procedure on the appointment of Trustees. Recruitment of new Trustees is undertaken by the Trustees in conjunction with the Chief Executive.

Report of the Trustees

Induction & Training of Trustees

New Trustees spend time at the Charity's office meeting members of the Senior Management Team and staff and learning about the Charity's research and knowledge exchange activities. The induction programme is tailored to suit the expertise of the Trustee and his/her role on the Board. As part of the induction programme new Trustees receive an induction pack containing various documents relating to the Charity and the duties of a Trustee, including the Charity Commission publication CC3 "The Essential Trustee", the Memorandum & Articles of Association of the Charity, the Strategic and Operating Plans for the Charity, the most recent set of accounts (annual and monthly), as well as various other policy documents. An explanation of these documents is given by the Chief Executive and Company Secretary. Where specific training is identified, then this is delivered by internal or external providers, including attendance at seminars or conferences. The Charity has in place policies on the induction and training of Trustees.

Organisational Structure

The Board of Trustees, which can have up to 9 members, administers the Charity. The Board meets at least 3 times per year (or more frequently as required). The Chief Executive is given delegated authority for the day-to-day operation, delivered through the Senior Management Team, including scientific, financial and employment related matters. The specific levels of authority are detailed in a Statement of Delegated Authority. The Chief Executive submits an Annual Statement on Internal Control, reporting to the Board on all areas of the charity including Governance & Management, Financial Management, Safety, Health & Environment and Business Continuity.

Related parties

The Charity is an Established Collaborative Centre of the Natural Environment Research Council (NERC), a body incorporated by Royal Charter, and as such provides a UK strategic research capability. 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 a member of the Plymouth Marine Sciences Partnership (PMSP) through a Memorandum of Understanding and has good relationships with its fellow members, which include three charities and a university. The Charity is also a member of the National Centre for Ocean Forecasting through a Memorandum of Understanding, which has formalised collaborations with *inter alia* the Met Office. In April 2007 a five year co-ordinated strategic research programme called *Oceans 2025* commenced, funded by the NERC. This has involved the Charity collaborating with six other UK marine institutions – the National Oceanography Centre, Southampton, the Proudman Oceanographic Laboratory, the Scottish Association for Marine Science, the Marine Biological Association of the United Kingdom, the Sir Alister Hardy Foundation for Ocean Science and the Sea Mammal Research Unit – three of which are charities.

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

Report of the Trustees

Risk management

A risk management policy was developed and adopted by the Charity in its first year of operation. 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. A risk register has been in place for five years and, under the terms of the risk management policy, the Executive (Senior Management Team) carry out a periodic evaluation of the risks and report its findings to the Trustees for their review, together with formal appraisal of risk evaluation on an annual basis. The same process has been adopted for the Charity's trading subsidiary. Although Health and Safety is part of the risk register, the Trustees separately review this important area at every Board meeting.

OBJECTIVES AND ACTIVITIES

The objects of the Charity 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

The Charity's main aims are to increase knowledge and understanding of the marine environment in three areas of major concern to humankind – global change, contamination and pollution and sustainable development. The Charity's overarching Science Areas, namely Biogeochemistry and Systems Science, Sustainable Ecosystems and Biodiversity and Health of the Environment and Human Health map onto these three global drivers

In December 2007 the Charity's Strategic Plan (originally for the period 2003-2008) was thoroughly reviewed, restructured and Strategic Aims updated, as well as extending the Plan for a further year. The five key priority areas for the Charity remain as follows -

- 1 To provide a UK strategic research capability through sustained delivery of innovative, leading edge and relevant marine science and technology to customers and beneficiaries
- 2 To attract, retain and develop highly skilled and motivated people with the intellectual and practical qualities to work flexibly for PML, which is committed to providing an ethical, safe, well equipped and learning environment
- 3 To develop excellent business systems in order to maximise the effectiveness of PML's activities and ensure value to staff, customers and beneficiaries
- 4 To work with PML Applications Ltd, and other commercial partners, in the development and support of its business strategy and activities for the benefit of PML.
- 5 To nurture and develop key regional, national and international partnerships for mutual benefit

The Charity's main operating objectives for the year focused on 3 principal drivers derived from the above-referenced Strategic Plan, i.e. delivery of its 10 year science strategy "Marine Matters", the Plymouth Marine Science & Technology Cluster and Business Efficiency. Its main operating objectives were as follows -

- Produce a new Strategic Plan (2008-2013) – see above
- Produce a business plan for 2008-13 and assess against the Marine Science & Technology Cluster business plan
- Implement the new core research programme, Oceans 2025, within the timescales and budgets identified

Report of the Trustees

- Increase new commissioned research contracts by 15% from 2006-7 level and deliver average contribution to fixed income of 45%
- Achieve at least 100 high quality publications, and achieve an increase in cumulative impact factor of 2½% on 2006 publications
- Act as a source of advice to government with a view to improving 'science into policy' for two areas of the Charity's science
- Review the current manpower resource, restructure and develop to deliver the 10 year science strategy "Marine Matters"
- Establish a Development Council

The last year has seen some changes in the Senior Management of the Charity, with the departure of the Chief Executive in August 2007, to the post of Director of the British Antarctic Survey, and the external recruitment and internal appointment of two new Heads of Science. A recruitment exercise is currently underway for a substantive Chief Executive. Notwithstanding these changes, under its current Acting Chief Executive the Charity has attained record levels of commissioned research. Moreover, it has continued to produce high quality publications and was pleased to have contributed to significant research, e.g. for the Intergovernmental Panel on Climate Change, as well as to knowledge exchange activities, e.g. lecturing on a satellite ocean colour training course for African researchers and environmental managers.

During the year the Charity has continued to meet its objectives in providing strategic advice and informing policy. Notably, the Parliamentary Select Committee on Science and Technology launched its enquiry into "Investigating the Oceans" in Plymouth in April 2007. The Charity has provided evidence to this enquiry, from which a report was published in October 2007, concluding that "the world's oceans are fundamental to the continuing ability of human beings to survive comfortably on this planet, and it is vital that efforts to understand them are pursued with clarity, co-ordination and purpose, but also with an open mind as to future areas of importance". The Charity is ideally placed to assist in the delivery of these recommendations.

ACHIEVEMENTS AND PERFORMANCE

In its sixth year of operation, the Charity has continued to produce high quality outputs from its research activities. The total number of publications for the calendar year 2007 was 113, with 53 papers being first authored. Of these papers, 103 were ISI publications with the overall impact factor of these publications, increasing by 9%. The Trustees acknowledge the considerable efforts undertaken by the Charity's staff in producing this number of high quality publications, which exceeded the target set.

In addition to these significant outputs, the Charity was able to win new commissioned research contracts valued at £3.5m in total. Moreover, the Charity has been successful in attracting the Executive Secretariat for the Partnership for Observations of the Global Oceans (POGO), which has a considerable international standing with partners from institutes across the world.

In terms of its international profile the Charity's contribution to the work of the International Governmental Panel on Climate Change, in particular the 4th Assessment Report, was recognised by the award of the Nobel Peace Prize to this Panel jointly with Al Gore. Further recognition has been given to the Charity through *inter alia* the commendation of one of its staff by the governments of Angola, Namibia and South Africa for chairing the International Scientific Advisory Panel for a research programme for the past 6 years and numerous invitations to give keynote speeches at international symposia and conferences. The Charity's staff continue to work on research activities involving collaborations and partnerships worldwide, with an increased focus on the Far East. With respect to the latter, the Charity has hosted delegations from China and Japan and engaged in reciprocal visits. In addition, in October 2007 one of the Charity's Senior Management Team was invited as a representative panellist at the opening of the new Research Councils UK office in China. The Charity has also worked

Report of the Trustees

on projects such as the Sustainable options for PEople, catchment and Aquatic Resources (SPEAR) project which was in collaboration with the First Institute of Oceanography, Ningbo University and the Third Institute of Oceanography in Xiamen

On a national level, in April 2007 the Charity embarked upon the co-ordinated programme of research, funded by the NERC – Oceans 2025, having to establish budgets, resources and specific deliverables for the first year of this programme, and carry out the associated research, whilst developing strong collaborations with the wider Oceans 2025 community (six other marine institutes across the UK). It will report its findings from this first year of the programme at a national meeting in May 2008

The Charity's objective to provide advice to government and, more specifically improve the "conversion" of science into policy, has undoubtedly been met. The Charity has been very active in informing policymakers by contributing to the House of Commons' Science & Technology Committee's enquiries on such issues as "Investigating the Oceans" (as mentioned above), the "UK Marine Monitoring and Assessment" and "Renewable Energy", as well as to the EU Green Paper on "Adaptation to Climate Change". EU policy is an important area and two of the Charity's staff are members of the EC's Framework 7 Advisory Group on the Environment. In addition, a member of staff was invited to join the European Science Foundation Working Group on Marine Pollution, in order to help provide consistent advice on emerging chemical hazards to the EU. The Charity is able to contribute towards policy making through membership of other committees, such as Defra's Marine Assessment Policy Committee and Biodiversity Research Advisory Group Working group on "Marine Biodiversity and Provision of Goods and Services", and the International Council for the Exploration of the Seas (ICES) Working Group on Biological Effects of Contaminants, through its research activities, invited lectures and policy workshops on such topics as the impacts of climate change on the marine environment, fisheries' management, sustainable management of the coastal zone, carbon capture and sequestration, ocean acidification, earth observation and modelling of ecosystems. Moreover, the Charity has hosted visits by the Chairman of NERC, the Chief Scientific Advisor of the Department for International Development and various MPs

Promotion of the Charity's work is important in terms of attracting funding and disseminating knowledge. In June 2007 the Charity was highly commended as runner-up in the national Charity Awards' "Animals and Environment" category. In January 2008 the Charity produced its Annual Review, which focused on its 30 years of research. In addition, in March 2008 the Charity contributed, with its fellow partners, to an exhibition stand on the Plymouth Marine Sciences Partnership capabilities at the Oceanology International exhibition in London. The capital's Science Museum has also featured a display on photobioreactors, a novel development from the Charity's trading subsidiary, PML Applications Ltd, which uses microalgae to capture CO₂, with the resultant biomass being used as a source of biofuel.

Engagement with the public is also an important part of the Charity's remit and in this reporting year the Charity's staff have undertaken various schools' activities (as well as hosting 8 school children on work experience), public lectures and has participated in open days and exhibitions. Media activity has been high with 93 articles, press releases, and interviews. The Charity is also committed to providing a learning environment and was involved in 29 PhD studentships, hosting PhD students on site funded by the NERC, or members of its staff acting as supervisors to PhD students. In addition, there has been involvement in 23 other studentships, e.g. MSc, and 3 EU Marie Curie Fellowships.

In order to raise the international and national profile of the Charity yet further, a Development Council was established during the year, comprising high calibre individuals who will act as ambassadors for the Charity. The inaugural meeting of the Development Council is scheduled to take place in early May¹. A particular emphasis for the Development Council will be the Marine Science and Technology Cluster Plans for this cluster have gained momentum during the year, with the appointment of a Development Director, who is taking forward the project, working with the various partners from the Plymouth Marine Sciences Partnership. A potential site has been identified and a business case is being put together, which will not be ready for evaluation by the Trustees until later in 2008.

¹This took place on 9 May

Report of the Trustees

The Charity's own science strategy – "Marine Matters" was completed during the year and an evaluation of the staff resources to deliver this, including the Oceans 2025 programme, undertaken. A number of new posts were approved for recruitment.

In summary, it has been yet another productive and effective year and the Trustees would like to thank the staff for their continued efforts and achievements. The Trustees would also like to take this opportunity to thank the Acting Chief Executive, in particular, for his considerable efforts.

PUBLIC BENEFIT

The Charity confirms that its research activities fall within its charitable objects. In terms of public benefit, there is considerable evidence given above under "Achievements & Performance" that meets this test, e.g. publications of its research, public engagement and outreach activities.

FINANCIAL REVIEW

Reserves Policy

A reserves policy was developed and adopted by the charity in its first year of operation and subsequently revised in April 2005. This policy provides for the maintenance of general reserves (under unrestricted funds) at a level equivalent to at least 3 months' expenditure, in order to provide adequate working capital levels for the ongoing operation of the charity and completion of existing projects. 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. The reserves are set at a level to withstand any short-term setback, whether operational, in the investment markets, or in key sources of income, such as the NERC core funding. If the free reserves should fall outside the level of 3 months expenditure, the Trustees would review the Charity's strategic plan accordingly.

Principal Funding Sources

The Charity's income was derived principally from the NERC core research programme, amounting to £2.3m and commissioned research of just over £3.0m from a variety of customers, including the European Commission, the Department for the Environment, Food and Rural Affairs and the Department for Business Enterprise and Regulatory Reform (encompasses the former DTI). This income has enabled the Charity to undertake strategic and applied research, generating knowledge and publications, as well as carrying out the activities listed under Achievements and Performance.

The Charity's trading subsidiary, PML Applications Ltd reported a profit of £24k and generated £188k of income for the Charity in terms of its payment for Charity staff time and overheads on its contracts. The share of losses associated with the trading subsidiary's spin-out company, EcoAlert Limited, and joint venture, Biopartner AS, was £20k, representing investments of 38.7% and 33%, respectively.

Whilst the Charity has reported an overall surplus of £181k, the global economic downturn has resulted in a fall in the value of investments. This together with a loss of £70k from EcoAlert Limited has meant a £53k reduction in the reserves. However, at the date of signing the report, investments have recovered and are reflected in the current level of reserves.

Report of the Trustees

Investment Policy

An investment policy has been developed and adopted by the charity. The objectives of this policy are to maintain and, if possible, enhance the real value of the reserves represented by its investments. It is also intended to maintain an appropriate balance between maximising long-term returns and avoiding undue volatility in capital values. These objectives are pursued through a strategic investment policy which involves a broadly diversified spread of assets, covering UK and overseas equities, UK government and non-government bonds and pooled property funds. The portfolio of investments is managed by a professional asset management organization approved by the Trustees. The assets within the managers' portfolio are held by professional custodians. The fund managers operate to a benchmark of the PML strategic investment policy but have discretion to vary their asset allocation from that policy, within certain specified ranges. They also have full discretion over the individual securities to be purchased subject to safeguards designed to avoid undue concentration of investment. The activities and performance of the investment managers are monitored closely through quarterly reporting to PML's Investment Committee, which reports to the Trustees.

PLANS FOR FUTURE PERIODS

The Charity's plans for the future include the following objectives -

- Evaluate, prioritise and develop appropriate existing and new Science Areas
- Achieve growth for selected new projects in Environment & Health
- Develop viable Business Plan for involvement in the Marine Science & Technology Cluster
- Strengthen science staff capacity and capabilities to delivery priority science
- Develop rolling replacement and investment plan for scientific capital equipment
- Examine composition and function of Governance structure.
- Identify and arrange key "shop window" opportunities to promote priority science topics
- Evaluate and enhance science contributions to ensure Charity Commission's requirements on "public benefit" are met

Trustees' Responsibilities in Relation to the Financial Statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to

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

Report of the Trustees

Trustees' Responsibilities in Relation to the Financial Statements (continued)

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

COMPLETENESS OF INFORMATION TO AUDITORS

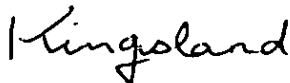
So far as each Trustee listed on page 2 above is aware -

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

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

Approved by the Trustees and signed on their behalf by



The Rt Hon the Lord Kingsland QC (Chairman)

Date 20.6.08

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 year ended 31 March 2008 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Statement of Cash Flows and the related notes 1 to 28. 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 Trustees' responsibilities the company's Trustees 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 International Standards on Auditing (UK and Ireland).

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 report of the board of Trustees 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 Trustees' remuneration and transactions with the group is not disclosed.

We read the report of the board of Trustees 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 International Standards on Auditing 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.

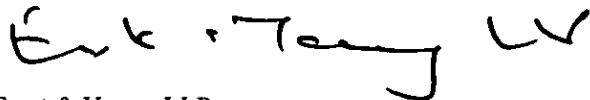
Independent auditors' report

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's net incoming resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP
Registered Auditor
Exeter

25.6.2008

Consolidated statement of financial activities

year ended 31 March 2008

	Notes	Unrestricted funds		Restricted funds	Total 2008	Total 2007
		General	Designated			
		£	£	£	£	£
Incoming resources						
Activities in furtherance of the Charity's objects						
NERC						
Core funding	3a	2,291,936	-	-	2,291,936	2,304,370
Infrastructure funding	3a	1,798,000	-	-	1,798,000	1,615,000
Estates and other sundry funding	3a	149,272	-	-	149,272	459,000
Research income	3a	3,204,653	-	-	3,204,653	2,843,152
Deferred income on capital expenditure released		386,194	-	-	386,194	422,497
Other income	4	401,721	-	-	401,721	312,148
		<u>8,231,776</u>	<u>-</u>	<u>-</u>	<u>8,231,776</u>	<u>7,956,167</u>
Activities for generating funds						
Commercial trading operations	5	589,255	-	-	589,255	333,605
Bank interest and investment income		144,092	-	-	144,092	103,198
Total incoming resources		<u>8,965,123</u>	<u>-</u>	<u>-</u>	<u>8,965,123</u>	<u>8,392,970</u>
Resources expended						
Costs of generating funds						
Commercial trading activities	5	564,388	-	-	564,388	345,544
Charitable expenditure						
Research activities	6	7,111,646	15,681	-	7,127,327	6,945,321
Management and administration of the Charity	7	1,032,446	-	-	1,032,446	1,034,390
		<u>8,144,092</u>	<u>15,681</u>	<u>-</u>	<u>8,159,773</u>	<u>7,979,711</u>
Governance Costs	9	55,246	-	-	55,246	46,743
Investment Management Costs		4,948	-	-	4,948	3,381
Total resources expended		<u>8,768,674</u>	<u>15,681</u>	<u>-</u>	<u>8,784,356</u>	<u>8,375,379</u>
Net incoming resources/(resources expended) before transfers		196,449	(15,681)	-	180,768	17,591
Transfers between funds	12	31,292	(21,156)	(10,136)	-	-
Net incoming resources/(resources expended)		<u>227,741</u>	<u>(36,837)</u>	<u>(10,136)</u>	<u>180,768</u>	<u>17,591</u>
Net unrealised (losses)/gains						
On investments	15	(214,020)	-	-	(214,020)	73,425
Share of (losses)/gains in associate companies	16	(20,388)	-	-	(20,388)	12,414
Net movement in funds		<u>(6,667)</u>	<u>(36,837)</u>	<u>(10,136)</u>	<u>(53,640)</u>	<u>103,430</u>

Consolidated statement of financial activities (continued)

year ended 31 March 2008

	<i>Notes</i>	<i>Unrestricted funds</i>		<i>Restricted funds</i>	<i>Total 2008</i>	<i>Total 2007</i>
		<i>General</i>	<i>Designated</i>			
		£	£	£	£	£
Fund balances brought forward at 31 March 2007		2,443,998	60,132	43,611	2,547,741	2,444,311
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances carried forward at 31 March 2008		2,437,331	23,295	33,475	2,494,101	2,547,741
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All of the above results are derived from continuous activities. All gains and losses recognised in the year are included above. The deficit for the year for Companies Act purposes comprises the net incoming resources for the year plus share of realised gains/losses in associates and was £115,859 (2007 surplus £12,663)

Consolidated balance sheet

at 31 March 2008

	Notes	Group		Charity	
		31 3 08 £	31 3 07 £	31 3 08 £	31 3 07 £
Fixed assets					
Intangible assets	13	20,761	-	-	-
Tangible assets	14	2,044,832	1,702,290	2,042,019	1,702,290
Investments	15	2,265,553	2,670,264	2,385,881	2,770,267
Share of net assets in associates	16	1,270	22,093	-	-
		<u>4,332,416</u>	<u>4,394,647</u>	<u>4,427,900</u>	<u>4,472,557</u>
Current assets					
Debtors	17	981,226	872,368	968,611	969,555
Cash at bank and in hand		1,221,879	1,646,995	1,047,765	1,455,024
		<u>2,203,105</u>	<u>2,519,363</u>	<u>2,016,376</u>	<u>2,424,579</u>
Creditors amounts falling due within one year	18	(2,725,635)	(3,445,258)	(2,470,797)	(3,260,312)
Net current (liabilities)/assets		<u>(522,530)</u>	<u>(925,895)</u>	<u>(454,421)</u>	<u>(835,733)</u>
Total assets less current liabilities		<u>3,809,886</u>	<u>3,468,752</u>	<u>3,973,479</u>	<u>3,636,824</u>
Creditors amounts falling due after more than one year	19	(1,315,785)	(921,011)	(1,315,785)	(921,011)
		<u>2,494,101</u>	<u>2,547,741</u>	<u>2,657,694</u>	<u>2,715,813</u>
Funds					
Unrestricted - general	23	2,437,331	2,443,998	2,600,924	2,612,070
Unrestricted - designated	23	23,295	60,132	23,295	60,132
Restricted	23	33,475	43,611	33,475	43,611
		<u>2,494,101</u>	<u>2,547,741</u>	<u>2,657,694</u>	<u>2,715,813</u>

Kingsland
The Rt Hon Lord Kingsland QC (Chairman))
Mr D Peat) Trustees

20 June 2008

Robert

Statement of cash flows

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Net cash (outflow)/inflow from operating activities	25(a)	(288,043)	324,548
Returns on investments and servicing of finance			
Bank interest and investment income received		144,092	103,198
Taxation			-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets and investments*		(558,605)	(1,284,532)
Capital grants received		372,765	1,105,630
Acquisitions			
Investment in associate		(20,325)	-
Financing			
Repayment of advance of infrastructure funding		(75,000)	(75,000)
Long term loan to Marine Biological Association		-	80,000
(Decrease)/increase in cash		<u>(425,116)</u>	<u>253,844</u>

*Included in payments to acquire tangible fixed assets and investments is a cash outflow of £109,309 (2007 £861,519) in respect of the purchase of investments (note 15)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008 £	2007 £
(Decrease)/increase in cash	(425,116)	253,844
Cash outflow from repayment of infrastructure funding	75,000	75,000
Change in net funds resulting from cash flows	<u>(350,116)</u>	<u>328,844</u>
Net funds at 31 March 2007	1,571,995	1,243,151
Net funds at 31 March 2008	25(b) <u>1,221,879</u>	<u>1,571,995</u>

Notes to the accounts

at 31 March 2008

1. Accounting policies

(a) *Basis of Preparation*

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

(b) *Group Accounts*

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

The charity has taken advantage of the Schedule 4, Paragraph 3(3) of the Companies Act and has adapted the Companies Acts formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

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

(c) *Fixed Assets and Depreciation*

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

Tangible fixed assets are included at their historical cost.

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

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

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

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

Notes to the accounts

at 31 March 2008

1. Accounting policies (continued)

(d) *Incoming Resources*

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

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

(e) *Resources Expended*

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

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

(f) *Research and Development and Patents*

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

(g) *Intellectual Property*

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

Notes to the accounts

at 31 March 2008

1. Accounting policies (continued)

(h) Foreign Currencies

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

(i) Pensions

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

(j) 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.

(k) Stocks

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

(l) Investments

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

(m) Goodwill

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

(n) Fund accounting

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

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

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

(o) Operating Leases

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

Notes to the accounts

at 31 March 2008

1. Accounting policies (continued)

(p) Deferred taxation

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

2. Income

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

3. Charitable income

	<i>Deferred Income re</i>			
	<i>Gross Income</i>	<i>Capital Expenditure</i>	<i>Net Income</i>	<i>Net Income</i>
(a)	2008	2008	2008	2007
	£	£	£	£
NERC: Core funding	2,396,000	(104,064)	2,291,936	2,304,370
NERC: Infrastructure funding	1,798,000	-	1,798,000	1,615,000
NERC: Estates and other sundry funding	149,272	-	149,272	459,000
Research income	3,204,653	-	3,204,653	2,843,152

(b) Plant and equipment amounting to £1,121,399 was gifted to the Charity by NERC at 1 April 2002. This is included in restricted funds (note 23).

4. Other income

	2008	2007
	£	£
Reimbursements	62,841	70,810
VAT recoverable (due to partial exemption)	48,511	21,935
Rents receivable	10,426	10,221
POGO income	13,001	-
Globec income	30,728	38,938
Marine Biological Association-charge for infrastructure	149,500	80,000
Roberts skill funds	28,053	31,180
Others	58,661	59,064
	<u>401,721</u>	<u>312,148</u>

Notes to the accounts

at 31 March 2008

5. Commercial trading operations

The wholly-owned trading subsidiary, PML 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>	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Turnover	567,768	304,086
Cost of sales and administrative expenses	(564,388)	(345,544)
Other income, including interest receivable	21,487	29,519
Net profit/(loss)	24,867	(11,939)
Amount gifted to the charity	-	-
Retained in the subsidiary	24,867	(11,939)
The assets and liabilities of the subsidiary were		
Fixed Assets	32,596	29,783
Current assets	366,700	313,543
Current liabilities	(434,816)	(403,713)
Creditors amounts falling due after more than one year	-	-
Total net assets	(35,520)	(60,387)
Aggregate share capital and reserves	(35,520)	(60,387)

6. Charitable expenditure-research activities

	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Wages and salaries of research staff	4,465,519	4,113,784
Recurrent costs		
Science	1,299,854	1,219,014
Science support	957,231	1,128,056
Depreciation	404,723	484,467
	7,127,327	6,945,321

Notes to the accounts

at 31 March 2008

7. Management and administration of the charity

	2008 £	2007 £
Senior management and administrative salaries, wages and employee costs	667,949	698,666
Administration costs	364,497	323,976
Market research and advertising	-	11,748
	<u>1,032,446</u>	<u>1,034,390</u>

8. Staff costs

	2008 £	2007 £
Wages and salaries	4,326,142	3,898,689
Social security costs	394,922	366,852
Other pension costs	647,473	652,402
	<u>5,368,537</u>	<u>4,917,943</u>

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

	2008 No	2007 No
Permanent staff		
Science and support	100	103
Senior management and administration	22	20
	<u>122</u>	<u>123</u>
Temporary staff	5	6
	<u>127</u>	<u>129</u>

9. Governance costs

	2008 £	2007 £
External audit - Charity	14,218	13,806
Board of Trustees', sub-committee and associated meetings	14,216	8,050
Strategic management	22,045	20,423
Statutory accounts	4,767	4,464
	<u>55,246</u>	<u>46,743</u>

Notes to the accounts

at 31 March 2008

10. Net incoming resources

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

	2008	2007
	£	£
Auditors' remuneration (group) - audit	15,984	14,906
- other services – taxation etc	7,709	5,426
Depreciation of owned fixed assets	405,220	484,467
Operating lease rental - land and buildings	8,459	4,317
Deferred grants released	(386,194)	(422,497)

(b) *Trustees' emoluments*

No emoluments have been paid to the Trustees during the year

11. Taxation

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

12. Transfers

A transfer of £10,136 has been made to represent the depreciation charge initially borne by unrestricted funds in respect of assets contained within restricted funds

13. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2007	-
Goodwill on acquisition of an additional interest in EcoAlert Ltd	20,761
At 31 March 2008	20,761
Amortisation	
At 1 April 2007	-
Released during the year	-
At 31 March 2008	-
Net book value	
At 31 March 2008	20,761
At 1 April 2007	-

Goodwill arose on an additional investment in EcoAlert Limited immediately prior to the year end
Goodwill will be amortised over 5 years.

Notes to the accounts

at 31 March 2008

14. Tangible fixed assets

<i>Group</i>	<i>Plant and scientific equipment £</i>	<i>Ships and vehicles £</i>	<i>Total £</i>
Cost			
At 31 March 2007	3,781,178	679,500	4,460,678
Additions	749,296	-	749,296
Disposals and assets written off	(582,848)	-	(582,848)
At 31 March 2008	3,947,626	679,500	4,627,126
Depreciation			
At 31 March 2007	2,652,053	106,335	2,758,388
Charge for the year	370,504	34,716	405,220
Disposals and assets written off	(581,314)	-	(581,314)
At 31 March 2008	2,441,243	141,051	2,582,294
Net book amounts			
At 31 March 2008	1,506,383	538,449	2,044,832
At 31 March 2007	1,129,125	573,165	1,702,290

Notes to the accounts

at 31 March 2008

14. Tangible fixed assets (continued)

<i>Charity</i>	<i>Plant and scientific equipment £</i>	<i>Ships and vehicles £</i>	<i>Total £</i>
Cost			
At 31 March 2007	3,781,178	679,500	4,460,678
Additions	745,986	-	745,986
Disposals and assets written off	(582,848)	-	(582,848)
At 31 March 2008	3,944,316	679,500	4,623,816
Depreciation			
At 31 March 2007	2,652,053	106,335	2,758,388
Charge for the year	370,007	34,716	404,723
Disposals and assets written off	(581,314)	-	(581,314)
At 31 March 2008	2,440,746	141,051	2,581,797
Net book amounts			
At 31 March 2008	1,503,570	538,449	2,042,019
At 31 March 2007	1,129,125	573,165	1,702,290

15. Investments

<i>Group and Charity</i>	<i>Investment trusts & unit trusts £</i>
Market value at 31 March 2007	2,670,264
Additions	109,309
Disposals	(300,000)
Unrealised losses at 31 March 2008	(214,020)
Market value at 31 March 2008	2,265,553
	£
Historical cost at 31 March 2008	2,136,383
Historical cost at 31 March 2007	2,327,546

Notes to the accounts

at 31 March 2008

15. Investments (continued)

Charity

*Investment in subsidiary
and associate undertakings
£*

Cost	
At 31 March 2007	100,003
Additions	20,325
At 31 March 2008	120,328

The subsidiary and associate undertakings at 31 March 2008 were -

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Nature of business</i>	<i>Proportion of shares held: Ordinary shares</i>
PML Applications Limited	England	Marine research	100%
Plymouth Marine Science and Technology Park Ltd	England	Development of Science Park – currently dormant	100%
EcoAlert Ltd (**)	England	Exploitation of intellectual property	38.7%
GenePro Ltd (*)	England	Exploitation of intellectual property-currently dormant	50%
BioPartner A S (*) (#)	Norway	Environmental research in the off-shore oil sector	33.3%
Plymouth Marine Applications Ltd	England	Dormant	100%

(*) held by subsidiary undertaking

(**) of the 38.7% holding, 36.1% held by the subsidiary undertaking

(#) accounting reference date 31 December

In the opinion of the directors, the aggregate value of the company's investment in its subsidiaries is not less than the amount at which they are stated above

Notes to the accounts

at 31 March 2008

16. Associate companies

Group

*Proportion of
shares held*

1) EcoAlert Ltd – registered in England

from 31/3/08 38.7%
1/4/07- 26/7/07 42%
27/7/07 - 30/3/08 39.1%

The Company was set up to exploit intellectual property of an environmental monitoring device

The group's interest in the results to 31 March 2008 were

	2008 £	2007 £
Gross incoming resources	10,602	3,506
Pre trading development costs	(80,927)	(32,422)
Net results	(70,325)	(28,916)
Current assets		
Bank and cash	30,280	39,125
Debtors	1,420	4,421
	31,700	43,546
Creditors – amounts falling due within one year	(24,468)	(23,485)
	7,232	20,061
Creditors-amounts falling due after one year	(13,726)	-
	(6,494)	20,061

Notes to the accounts

at 31 March 2008

16. Associate companies (continued)

*Proportion of
shares held*

ii) BioPartner AS – registered in Norway 33.3%

The Company was set up to exploit the need for environmental impact studies in the off-shore oil sector

The group's interest in the results to 31 December 2007 were

	2007 £	2006 £
Gross incoming resources	56,963	10
Costs of generating funds	(51,547)	(1,348)
Net results	5,416	(1,338)
Current assets		
Bank and cash	7,052	2,439
Debtors	18,485	-
		2,439
Creditors – amounts falling due within one year	(17,773)	(407)
	7,764	2,032

The share of losses in associate companies of £(20,388) includes realised losses of £(64,909) and an unrealised gain of £44,521 arising on issue of shares by EcoAlert Limited, to third parties

17. Debtors

	<i>Group</i>		<i>Charity</i>	
	2008 £	2007 £	2008 £	2007 £
Trade debtors	205,198	285,218	102,765	247,472
Amounts owed by subsidiary undertaking and associates	35,984	36,075	121,050	179,571
Accrued income	541,664	385,121	520,885	348,337
Other debtors	19,916	2,346	48,832	30,567
Prepayments	178,464	163,608	175,079	163,608
	981,226	872,368	968,611	969,555

Included in other debtors is £17,500 (2007 £Nil) due after more than one year from EcoAlert Limited, an associated undertaking

Notes to the accounts

at 31 March 2008

18. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	392,772	368,914	428,941	398,604
Other creditors	143,920	362,933	101,195	348,699
Deferred income	999,850	1,105,233	789,501	909,336
Deferred capital grants (note 20)	854,472	1,262,675	854,472	1,262,675
Accruals	334,621	270,503	296,688	265,998
NERC Infrastructure funding prepaid	-	75,000	-	75,000
	<u>2,725,635</u>	<u>3,445,258</u>	<u>2,470,797</u>	<u>3,260,312</u>

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

	<i>Group</i>		<i>Charity</i>	
	2008	2007	2008	2007
	£	£	£	£
Deferred capital grants (note 20)	<u>1,315,785</u>	<u>921,011</u>	<u>1,315,785</u>	<u>921,011</u>

20. Deferred capital grants

	<i>Group</i>		<i>Charity</i>	
	2008	2007	2008	2007
	£	£	£	£
Amounts to be released				
Within one year	854,472	1,262,675	854,472	1,262,675
In two to five years	1,021,985	662,922	1,021,985	662,922
In over five years	293,800	258,089	293,800	258,099
	<u>2,170,257</u>	<u>2,183,686</u>	<u>2,170,257</u>	<u>2,183,696</u>

Notes to the accounts

at 31 March 2008

20. Deferred capital grants (continued)

	<i>Group</i>		<i>Charity</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	£	£	£	£
Deferred capital grants are analysed as follows				
Current obligations (note 18)	854,472	1,262,675	854,472	1,262,675
Non-current obligations (note 19)	1,315,785	921,011	1,315,785	921,021
	<u>2,170,257</u>	<u>2,183,686</u>	<u>2,170,257</u>	<u>2,183,696</u>

Analysis of changes in deferred capital grants during the year

	<i>Group</i>		<i>Charity</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	£	£	£	£
At 31 March 2007	2,183,686	1,500,553	2,183,686	1,500,553
Received during the year	372,765	1,105,630	372,765	1,105,630
Released during the year	(386,194)	(422,497)	(386,194)	(422,497)
At 31 March 2008	<u>2,170,257</u>	<u>2,183,686</u>	<u>2,170,257</u>	<u>2,183,686</u>

21. Called up share capital

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

22. Other financial commitments

At 31 March 2008 the charity had annual commitments under non-cancellable operating leases as set out below

	<i>Land & Buildings</i>		<i>Other</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	-	-
In two to five years	11,000	11,000	25,101	14,147
	<u>11,000</u>	<u>11,000</u>	<u>25,101</u>	<u>14,147</u>

Notes to the accounts

at 31 March 2008

23. Statement of funds

	<i>Balance at 31 3 07 £</i>	<i>Movement in resources</i>		<i>Transfer £</i>	<i>Balance at 31 3 08 £</i>
		<i>Incoming £</i>	<i>outgoing £</i>		
Unrestricted funds - general	2,443,998	8,965,123	(9,003,082)	31,292	2,437,331
Unrestricted funds – designated	60,132	-	(15,681)	(21,156)	23,295
Restricted funds	43,611	-	-	(10,136)	33,475
Total funds	2,547,741	8,965,123	(9,018,763)	-	2,494,101

Designated unrestricted funds comprise £23,295 allocated for the strategic innovation fund in 2008/09

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

24. Analysis of group net assets between funds

	<i>Unrestricted General £</i>	<i>Unrestricted Designated £</i>	<i>Restricted Funds £</i>	<i>Total £</i>
Intangible fixed assets	20,761	-	-	20,761
Tangible fixed assets	2,011,357	-	33,475	2,044,832
Investments	2,265,553	-	-	2,265,553
Share of net assets in associate companies	1,270	-	-	1,270
Net current assets	(545,825)	23,295	-	(522,530)
Long term liabilities	(1,315,785)	-	-	(1,315,785)
	2,437,331	23,295	33,475	2,494,101

25. Notes to the statement of cash flows

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

	<i>Group</i>	
	<i>2008 £</i>	<i>2007 £</i>
Net incoming resources for the year	180,768	17,591
Depreciation	405,220	484,467
Deferred government grants released	(386,194)	(422,497)
(Increase)/decrease in debtors	(108,859)	42,716
(Decrease)/increase in creditors	(236,420)	302,278
Bank Interest and Investment Income receivable	(144,092)	(103,198)
Loss on disposal of fixed assets	1,534	3,191
Net cash (outflow)/inflow from operating activities	(288,043)	324,548

Notes to the accounts

at 31 March 2008

25. Notes to the statement of cash flows (continued)

(b) Analysis of net funds

	<i>At 31 March 2007 £</i>	<i>Cash flow £</i>	<i>At 31 March 2008 £</i>
Cash at bank and in hand	1,646,995	(425,116)	1,221,879
Advance of infrastructure funding	(75,000)	75,000	-
	<u>1,571,995</u>	<u>(350,116)</u>	<u>1,221,879</u>

26. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £320,076 for the Charity and Group (2007 £7,000 for Charity and Group)

27. Related party transactions

The Charity has taken advantage of the exemption under FRS8 not to disclose intra-group transactions with its subsidiary Plymouth Marine Laboratory is the parent company of PML Applications Plymouth Marine Laboratory holds 2.6 % and PML Applications holds 36.1 % of the share capital of EcoAlert Limited

During the year Plymouth Marine Laboratory sold £69,378 services to EcoAlert in the normal course of business £12,411 remained outstanding at the year end (Amounts are inclusive of VAT)

28. 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. Contributions for the year were employer's 6.5% and employee's 3.5%.