



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

Directors' report and group financial statements
for the year ended 31 March 2021

Registered number: SC009292
Scottish charity number: SC009206

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The Scottish Association for Marine Science

Company information

Directors	Hazel Allen	Trustee and Chair of Finance Committee, appointed November 2017
	M T S Batho	Trustee and Chair of Education Committee, appointed November 2014 and completed Tenure in December 2020
	Professor John Baxter	Trustee appointed December 2018
	Sarah Brown	Trustee appointed December 2018, stood down in January 2021
	Professor Colin Brownlee	Trustee appointed December 2018
	Lisa Chilton	Trustee appointed December 2018
	Mr I D Dunn	Trustee, appointed November 2016 appointed acting Chair December 2018 until March 2019, appointed deputy Chair March 2019
	John MacKerron	Trustee and Chair of Audit Committee appointed December 2019
	Dr Deborah McNeill	Trustee appointed December 2018
	Diana Murray	Trustee & Chair appointed March 2019
	Dr Magnus Nicolson	Chair of SRSL Board. Trustee appointed December 2019
	Susan Watts	Trustee appointed December 2018
Audit Committee	John MacKerron	Chair of Audit Committee appointed 1 August 2019
	Dr C Philips	Appointed March 2016 and acting Chair from March 2019
	Professor B Ferrier	Appointed 16 November 2016
Secretary	Professor Axel E J Miller	
Auditor	Saffery Champness LLP Kintail House Beechwood Park Inverness IV2 3BW	
Bankers	Bank of Scotland Station Road Oban PH34 4LL	
Registered Office	Scottish Marine Institute Oban Argyll PA37 1QA	
Charity Number	SC009206	

The SAMS Board, the members of which are also Directors of the Charity for the purposes of the Companies Act, for The Scottish Association for Marine Science (SAMS), present their report and the group financial statements for the year ended 31 March 2021.

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

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

SAMS has wholly owned active subsidiary companies: SAMS Research Services Limited (SRSL) and SAMS Limited. The registered office of SRSL is Lismore Suite, Suite 4, Malin House, The European Marine Science Park, Dunbeg, Oban, Argyll PA37 1SZ. The registered office of SAMS Limited is C/o Scottish Marine Institute, Dunbeg, Oban, Argyll PA37 1QA.

SAMS is a founding partner of the University of the Highlands and Islands (UHI); an Associated Institution of the United Nations University; a Delivery Partner of the UKRI-Natural Environment Research Council; a partner in the Marine Alliance for Science and Technology for Scotland (MASTS); and Scottish Alliance for Geoscience, Environment & Society (SAGES).

Objectives and activities

- SAMS purpose is to conduct world-leading research to create new knowledge about the seas and oceans, about how they work, their interaction with the rest of the planet and with humanity. SAMS research embraces the great challenges of our time: the provision of sustainable food and energy supply and global climate change, in the face of increasing human population and therefore pressure on the marine environment. SAMS research extends from the atmosphere above the sea to its greatest depths, and from pole to pole. Importantly, a key purpose of SAMS is to promote and make this new knowledge available for society, from school children to world leaders.
- SAMS Research Services Ltd (SRSL) formally changed its name to SAMS Applied Marine Science Enterprise Ltd (hereafter referred to as SAMS Enterprise Ltd) on 6 April 2021 is a commercial, subsidiary company, wholly owned by SAMS as the single shareholder. It exists to provide knowledge, know-how and services, primarily to commercial entities in order for them to better carry out their business. Increasingly, SAMS Enterprise Ltd operates at the interface between academia and business – the so-called innovation space – which is recognised as an important area to stimulate employment, new businesses and wealth generation.
- SAMS Limited is a second subsidiary company, wholly owned by SAMS. It exists to provide specialist services particularly the provision of algal cultures and to manage the rental of SAMS infrastructure (rooms etc) for tenants.

Achievements and performance

SAMS prepares an annual report that is made available to its members and the public through the SAMS website and in hardcopy to members if required.

As for all organisations across the world, the COVID-19 pandemic had a major impact on SAMS.

Like all UK organisations, SAMS followed the national advice to essentially close the business on the 23 March 2020. While Scottish advice for society and businesses differed from the wider UK advice from time to time, SAMS followed the Scottish advice throughout the year.

SAMS remained partially open throughout April 2020 – March 2021 to keep open essential facilities and services related to living organisms. The staff involved in keeping these facilities open and the SAMS building staff are to be congratulated in this work.

The SAMS Board instigated a COVID response sub-group, which met frequently, and the executive team created an incident management team (IMT), comprising the heads of all departments, associate directors and others which met weekly under the chairmanship of the Deputy Director (vice – Director). A weekly update was circulated to all staff following the IMT meetings.

Throughout the period most staff have worked from their home offices. This has required a significant uplift in the support of the IT team which has been outstanding.

Despite the global impact of COVID-19, SAMS launched its new 5-year strategy – to secure healthy and sustainable oceans. This was achieved through a variety of means including a small print run but also a major refreshment of the SAMS website. The link to the strategy can be found here: Strategy — Scottish Association for Marine Science, Oban UK (sams.ac.uk) and a link to a short on-line video here:

https://vimeo.com/embed-redirect/442340069?embedded=true&source=vimeo_logo&owner=36202345

A major activity for SAMS was the preparation for and delivery of online teaching of the BSc (Hons) Marine Science degree programme and the MSc in Aquaculture, Environment and Society. This was achieved superbly.

SAMS took advantage, as appropriate, of the UK government furlough scheme to support SAMS employees who were not able to work under the COVID restrictions.

Christine Campbell, a SAMS employee of some 35 years, retired during the year and was honoured with the award of an MBE.

Dr Bhavani Narayanaswamy was awarded a professorship in recognition of her work in deep-sea biology.

The Highlands and Islands Students Association (HISA) awarded the SAMS-led UHI Wind and Wave club, club of the year, for the second year running.

HISA also awarded a number of SAMS staff commendations:

Dr Andy Dale – above and beyond

Prof Axel Miller – best Personal Academic Tutor and student support

Dr Helena Reinardy & Dr David Green – best research supervisor

Guy Trimby, Jasmin Manning & Joe Penhaul-Smith - above and beyond student

Iain Walsingham & Tormod Doherty – most inspiring student

Polly Crooks - best support staff

Sophia Rosinski – best class representative

Plus numerous other recommendations.

The SAMS environmental sustainability group was established, and a staff well-being survey was conducted. A 130 Kw solar panel array was commissioned at the SAMS site. SAMS was awarded a 'cycling friendly status'.

The RV Calanus, sadly, was decommissioned following almost 40 years sterling service in support of SAMS science.

SAMS continued to be recognised as an international centre for algal culture through the award of >£500k capital investment in infrastructure.

Professor Todd Walker was appointed as the Principal and Vice Chancellor of the University of the Highlands and Islands and UHI celebrated its 10th Anniversary since the award of university status.

Over the reporting year SAMS worked on 154 research and commercial projects, resulting in 119 peer-reviewed publications in high-quality ISI journals and a similar number of technical, project and commercial-in-confidence reports.

SAMS staff continue to be recognised for their excellence and contribution to SAMS, UHI and the wider community.

Professor Mark Inall continued in his capacity as Director of the Scottish Government clustering initiative SAGES and continued as a member of the Scottish Government's Science Advisory Council.

The operation of a new science management structure became further embedded in the organisation, facilitating a more integrated approach across different areas of the business. This gave rise to the preparation of an internal research and innovation strategy and the identification of key growth areas, which resulted in recruiting several additional skilled scientists to SAMS. The restructuring and subsequent developments have put a strong foundation in place for taking forward significant projects and future plans.

Public engagement

Public engagement activities were substantially affected and reduced during the reporting period due to the pandemic. The Ocean Explorer Centre was closed for the entire year and no events or school visits could be delivered, with staff furloughed. We did, however, prepare for the re-opening by developing new and updating existing displays, appointing a new café operator and restyling and rebranding the café for re-opening.

With the Ocean Explorer Centre and the SAMS shop therein closed we developed an online shop at www.oceanexplorershop.co.uk with branded clothing with marine science messages all designed in-house.

As the locked-down world moved online, we turned our Ocean Explorer magazine and internal staff bulletin into interactive virtual documents with embedded videos, animations and the opportunities for direct feedback. We also held our science seminars, public lectures, student open days and SAMS organised project conferences via online platforms.

To represent SAMS most appropriately to our stakeholders the Communications team refreshed and focused the SAMS, SAMS Enterprise Ltd and Ocean Explorer brands and developed a new communications and engagement strategy.

SAMS maintains four corporate websites alongside numerous project websites. The SAMS website www.sams.ac.uk had 66,014 users making 103,757 session visits and viewing 213,796 pages. Our Culture Collection of Algae and Protozoa website www.ccap.ac.uk had 15,104 users making 28,035 session visits to view 95,315 pages. Our subsidiary company website [https:// www.sams.enterprise.com](https://www.sams.enterprise.com) had 5,812 users making 7,882 session visits and visiting 13,254 pages. Given the Ocean Explorer Centre was closed, visitor numbers were minimal with less than 5,000 page visits and a very short visiting period.

Social media was an important communication tool during the pandemic, although there were less fieldwork adventures and photographs to share due to reduced activity. All platforms have been growing moderately:

- Twitter (@ScotMarineInst): 11,200 (2019/20: 10,331) (scientists, decision makers)
- Facebook (SAMS.Marine): 6,780 (2019/20: 5,413) (staff, students, alumni, families, friends and locals)
- LinkedIn (scottish-association-for-marine-science): 7,000 (2019/20: 5,180) (business and recruitment)
- Instagram (samsmarinescience): 1,460 (2019/20: 1,150) (students and young people)
- YouTube (SAMSmarinescience): 530 (2019/20 – 440 subscribers)

As in previous year we produced 2-3 news stories per month and achieved 507 media mentions. We also published three thought pieces in Holyrood magazine and contributed to a Holyrood panel discussion on green recovery. Strong media coverage was achieved covering stories on the first successful hatching of a flapper skate egg case in captivity, the recovery of blue whales in South Georgia, and Antarctic snow algae.

The SAMS filmmaker produced around 30 short films during the reporting year, covering topics ranging from the SAMS strategy, to studying at SAMS, graduation messages, seaweed farming, and a range of detailed research project films, as well as a virtual tour of CCAP. Some of these are on public display in the Ocean Explorer Centre and elsewhere such as the Polar Museum in Tromsø and the Natural History Museum in Oslo.

SAMS contracted the More Partnership to recommend an approach how to develop sustainable philanthropic support for SAMS.

Financial review

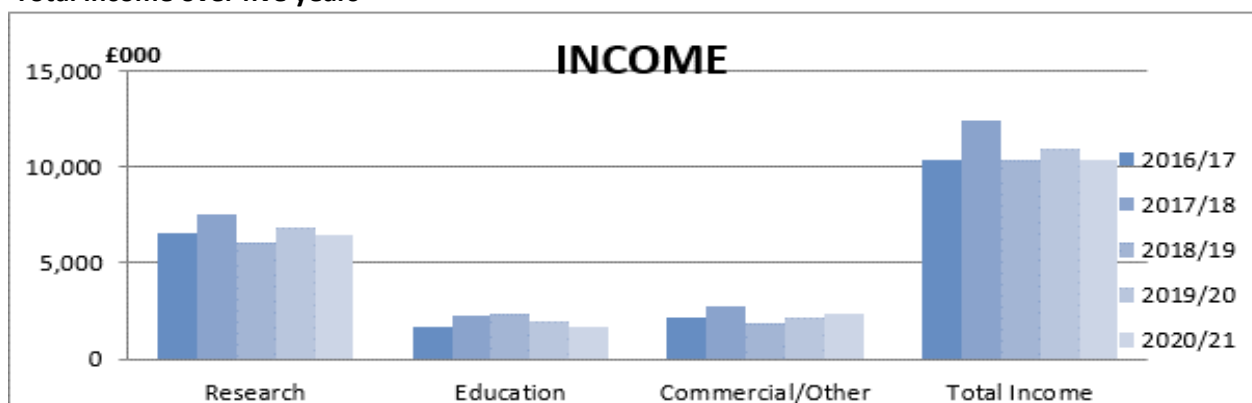
The SAMS Group made a surplus of £259k in 2020/21 (2019/20 £259k). This outturn included a benefit from the reduction in its Universities Superannuation Scheme (USS) liability of £219k (2019/20 £743k).

Excluding the movements in pension provision recognised as Other gains and losses, the organisation made an overall surplus from operations of £40k (2019/20 - deficit of £484k).

The Group benefited from the positive contribution from the subsidiary company SAMS Applied Marine Science Enterprise Ltd of £133k (2019/20 £122k). The subsidiary continued to make good progress, complementing the Science activities carried out across the group. SAMS Limited also contributed a net surplus of £91k (2019/20 £80k).

Cash flows across the Group amounted to an increase of £2,345k (2019/20 £607k).

Total income over five years



Research grants and contracts

	2016/17	2017/18	2018/19	2019/20	2020/21
Research Income					
	£000	£000	£000	£000	£000
NERC (including National Capability)	2,947	2,882	2,738	3,151	3,544
EU	1,184	1,237	982	1,525	1,036
Other	1,724	2,271	1,257	1,128	837
REG	1,123	1,146	1,143	1,066	1,015
Total Research Income	6,978	7,536	6,120	6,870	6,432

Income from research grants and contracts decreased in 2020/21 by 6% (2019/20 increase of 12%).

Overall, the income generated from research grants and contracts came in at £6,432k which was a 6% decrease against research income in 2019/20.

UKRI - Income of £3,544k was 55% of the total income generated from research. The income included a grant of £500k through the UKRI COVID-19 Institute support fund. SAMS also benefited from a UKRI grant extension fund of £282k which was awarded to provide UK organisations with resources to sustain UKRI grant funded research affected by the COVID-19 pandemic. This helped offset the reduction in income caused by the postponement of travel and fieldwork during the pandemic.

EU Horizon 2020 - The income of £1,036k from the EU Horizon 2020 and ERDF calls showed a decrease of 32%. The decrease in income reflects delays to project work because of the pandemic, which resulted in the unusual step by the EU of granting no costs extensions to grants. The main call for grants and proposals, Horizon 2020, came to an end during the year and will be replaced by the next framework agreement Horizon Europe. There has been a delay in the launch of Horizon Europe, which will include UK institutes as Associate Partners, participating in the calls in a similar process to the involvement in the previous Horizon 2020 programme.

Other Research - Other Research income covers a wide range of funders and includes funding through UK and Scottish Government agencies, a growing relationship with Norwegian funders, Innovation centres in the UK and other EU programmes. The income generated showed a 26% decrease at £837k. The reduction in income compared to 2019/20 was impacted by the restrictions experienced during the pandemic.

The Research Excellence Grant (REG) has a reduction of £51k (5%), year on year. This is because of the way the KT grant was treated in the past as part of the SFC REG Income. The KT element is now distributed as part of competitive grants and is shown under 'Other Research'. This funding is received from the Scottish Funding Council via the UHI which is part of the dual support system. It is in the form of a block grant and the UK Research Councils provide specific research projects and programmes. The REG is used to fill the gap in funding from the major funders who do not provide funding at the Full Economic cost of delivering the research within the projects. This gap represents approximately 20-35% of the cost of funded research. A key challenge for SAMS is to balance the volume of activity from research funding through the dual support system.

Education

Education income accounts for 17% (2020 - 17%) of SAMS income.

SAMS delivers taught undergraduate, and both taught and research postgraduate education as a partner of UHI. The number of students continues to exceed the total number of SAMS staff.

The major source of income is the undergraduate BSc (Hons) in Marine Science. Whilst recruitment has been impacted by Brexit, with a decrease in the total undergraduate student population to 116 for the academic year 20/21 (130 -19/20) income generated in the year was £669k (19/20 - £601k).

PhD income comes from a variety of funders including the NEXUS CDT and E3 DTP, ESF and Bryden Centre via UHI. PhD student numbers are approximately stable with 34 students at March 2021 (38 - March 2020) with an income of £612k (19/20 - £883k). The fall in this income stream is due to the ending of the ESF funded group of PhD studentships.

The major income stream at Masters level is the Erasmus Mundus Joint Masters Degree in Aquaculture, Environment and Society (ACES) that is now in its fifth year of funded studentships. SAMS no longer co-ordinates the course but continues as a partner. SAMS offer a research Masters programme that was recently approved with the revised title of "MRes in Algal Biotechnology, Biology and Ecology". Total income in the year from ACES was £106k (2019/20 - £63k)

COVID-19 has impacted our ability to offer facilities for field courses in this financial year.

SAMS continues to actively market our courses, however COVID-19 has prevented face to face open days and hence activity has concentrated on a digital presence.

Enterprise

SAMS Applied Marine Science Enterprise Ltd is the wholly owned commercial subsidiary of SAMS and generates the majority of SAMS' commercial income. Financial year 2020/21 has been an exceedingly challenging period for the business maintaining profitable operations in the face of the global COVID-19 pandemic. Enterprise delivered a Net Profit of £133k (2019/20 - £122k). In addition, there was a staff time contribution of £852K (2019/20 – £867k (which includes 30% overhead of £96k; 2019/20 – £98k).

Turnover of £1,321k (2019/20 - £1,448K) was achieved in the year. This was less than the revised forecast budget, which was entirely due to the market fragility resulting from the pandemic (see below). Despite the constraints of remote working, vacancies in key roles and furlough the team continued to deliver and operate successfully and profitably in very challenging market conditions. While the ambition is to work with higher value clients the reality of the year meant that there were fewer opportunities with lower individual values. Despite this the business has entered the new financial year with a well-developed business pipeline as a foundation for growth.

The business plan continues to develop the theme of sustainable revenue streams to complement the core consultancy business, which continues to represent over 66% of income. The viability of the various streams has been re-assessed through the year to identify areas of greatest immediate potential and those requiring a more measured and supported development programme. SIMBA and NewDEPOMOD reflect the advantage they gained from inclusion in the HIE Pathfinder programme. Enterprise has promoted engagement with Research and Education colleagues to develop closer working links within SAMS and identify opportunities for development at an earlier stage of research.

NewDEPOMOD continues to be the modelling tool of choice with regulators in key farmed salmon markets. Training has been delivered to government agencies to promote and support implementation of modelling to support environmental protection and business optimisation. A review was conducted as to how NewDEPOMOD has been employed in the aquaculture industry. This included an assessment of reasons why clients did not pursue purchase of the product following initial enquiry. As a result, the pricing structure of NewDEPOMOD has been fully overhauled to achieve a truer value from each sector of the market. Engagement with the Aquaculture Stewardship Council (ASC) has led to the development of a bespoke modelling service to supplement and complement the NewDEPOMOD offering. There remains a need to develop the Meramod and Tropomod models to enable access to new markets.

The SAMS Seaweed Nursery has undergone a comprehensive refurbishment, supported by substantial funding from HIE. The Nursery remains a SAMS asset but is now managed directly by Enterprise on behalf of commercial clients and Research in a coordinated effort. The farmed seaweed market continues to grow, albeit slowly. Enterprise is actively engaging with new potential entrants to the market, supporting them until they are ready to commit to establishing farms, plans for many having stalled due to COVID-19.

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

Sales of SIMBA have also been directly affected by COVID-19 as there have been fewer Polar research voyages and expeditions which would utilise SIMBA units. Sales with established clients have held up well despite this and new clients are being developed for Ice SIMBA. The possibilities of expansion into the avalanche and flood forecasting spheres have been boosted with support of a Co-Innovate Grant to develop a full multi-terrain deployment system.

COVID-19 has been a major retardant on growth in throughout the financial year 2020/21. Work packages have been cancelled or delayed indefinitely, while other anticipated work has not been put to tender. Opportunities continue to be both fewer and of reduced scope than previously. The uncertainty around resumption of normality does not lend itself to excessive optimism.

Effective management of resources

In a year dominated by the COVID-19 pandemic, it is a tribute to the dedication and adaptability of SAMS staff that operations have continued throughout. Our Facilities and Estates team were operating on site throughout the reporting period, Communications adapted to entirely working from home, whilst other Professional Services teams and functions adapted to hybrid models, with only essential activities happening in person at Dunstaffnage.

At the height of restrictions approximately 40 staff and students were in our buildings: ensuring the delivery of essential work with living organisms and on public health-related contracts. In line with government protocols, SAMS Group was supported through the Furlough Scheme where colleagues were not allowed on site and were unable to work from home. Up to 31 March 2021 we claimed £424k, with 87 people in and out of furlough over the reporting period.

Staff costs

Staff costs remain the highest proportion of expenditure representing 67% (2019/20 - 61%) of operational income. Total staff costs for the year amount to £6,917k (2019/20 £6,696). The 3% increase in staff costs over the year reflects a number of factors, including more staff on “statutory” leave (Sickness/Maternity and Paternity) and a significant increase in the value of carried forward Annual Leave with the COVID-19 pandemic meaning many staff were unable to take all of their leave entitlement in year.

Ongoing uncertainty around the level of the USS pension scheme deficit and how it will change in the longer term, may result in higher employer contributions for SAMS. Such additional cost pressures, and the potential impact on SAMS liquidity, will be closely monitored.

ISO Accreditation

Following a remote audit, our Safety, Health and Environment Advisor (Mr Chris Clay) led a successful audit through Lloyds Registry, resulting in SAMS being awarded ISO14001 (Environment) and ISO45001 (Health & Safety) accreditation.

Capital investment

Capital Investment funds were received as an academic Partner of the University of the Highlands and Islands (UHI) directing money from the Scottish Funding Council (SFC) and the UK Department of Business, Education, Innovation and Skills (BEIS). Over the reporting period funds were distributed to support:

- replacement of our main back-up generator
- new instrumentation to support our science activities (e.g. high-performance ion-exchange chromatograph and electron microscope upgrade)
- rolling replenishment of IT equipment, including for postgraduate student support;
- replacement of ICT infrastructure, to support high-performance modelling activities;
- replacement of mechanical and electrical engineering estates infrastructure (e.g. site access system and refrigeration technology for research controlled environment systems).

Having secured match-funding from Highlands and Islands Enterprise - a key strategic SAMS stakeholder - we have also completed Phase I of the restructuring and refurbishment of the SAMS Seaweed Nursery.

Plans for future periods

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

Research excellence

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

Providing solutions

Through our commercial arm, SAMS Applied Marine Science Enterprise Ltd (re-named as of 6th April 2021) we shall provide business solutions across our six targeted markets. In particular, we shall take advantage of the HIE – supported 'Pathfinder Initiative', which is designed to enhance entrepreneurship and business development.

Education for a better future

Our aim is to inspire and train future generations so that SAMS Research, Education and Enterprise activities can have tangible impacts upon society. In addition to raising the profile of our flagship Marine Science degree programme, we shall develop new masters programmes through UHI, building upon SAMS science excellence in areas that support both UK and Scottish government plans for economic regeneration.

Impact and influence

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

Efficient operations

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

We shall continue to support marine science at SAMS and in partnership with organisations across the world with outstanding professional services and infrastructure. We shall continue to work closely with colleagues in Highlands and Islands Enterprise and Argyll and Bute Council and UHI to pursue major infrastructure developments around aquaculture and aerial robotics.

A major new activity for the forthcoming period will be the introduction of a major initiative to establish a significant financial development project for SAMS, in essence to create a fourth funding stream to complement the existing research, education and enterprise streams. We shall recruit a new senior position – Head of Development – to lead this work. This will be the most significant change for SAMS institutionally for a number of years.

Principal risks and uncertainties

The most significant risks facing us over the next 12 to 18 months result from the factors which directly threaten the success of our strategic objectives and are consequently subject to continuous management attention.

Those risks are around the continuing level of uncertainty in our external operating environment resulting from COVID- 19 and policy decisions underpinning UK, Scottish and EU government approaches to economic recovery and longer-term impacts of Brexit. More specifically:

- Risk of failing to deliver on diversifying income streams to strengthen financial position.
- Risk of failure to meet research, education and enterprise performance targets including potential failure to win EU research grants because of the UK establishing our position in post-Brexit EU.
- Risk of not achieving income targets from commercial activities in a highly competitive environment.
- SAMS has an established risk management strategy which comprises:
 - SAMS risk registers are maintained by our Compliance Manager and overseen by the Executive Group. High-level risk summaries and individual 'deep dive' risks are scrutinised by SAMS Board, whose sub-committees review risk registers relevant to their terms of reference.
 - SAMS Board reviews risks through an established system. The Board is guided by the Audit Committee, which oversees our control mechanisms.
- Specific mitigations being undertaken and monitored include:
 - tightening financial controls
 - improved management information systems
 - enhanced scrutiny of progress against the Operating Plan and resource allocation
 - investment in resource for diversifying income
 - planning and delivery of ongoing partnerships with other education and research providers
 - continued horizon-scanning and innovation in areas of research, education and enterprise
 - enhanced strategic communications activities, including brand recognition programme

Reserves policy

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

- Continue to meet its on-going financial commitments within agreed terms of credit.
- Deploy the required funds promptly in a planned way to react to new opportunities and strategic decisions undertaken by the Governing Body.
- Not be forced into short term decisions that might impact on its longer term vision and strategy because of any short term setback, whether operational or in key sources of income.

The policy aims for The SAMS Group to hold in unrestricted undesignated reserves a minimum of 3 months annualised unrestricted expenditure, amounting to approximately £1,200k (2020 - £1,119k), in order to provide adequate working capital levels for the continued operation and completion of existing projects.

In addition, the Board has set the target of maintaining cash reserves at a minimum level of 2 months of the salary bill (March 2021 - £1,253k; March 2020 - £1,125k).

The total funds held by The SAMS Group at the year-end amount to £13,171k (2020 - £12,912k). This consists of unrestricted funds in surplus of £11,654k (2020 - surplus £10,960k), and restricted funds of £1,517k (2020 - £1,952k).

Unrestricted funds reflect the amount of reserves available to spend on any of the charity's purposes, including those stated above. The restricted funds balance at the year-end date consists of a fixed asset fund relating to assets acquired with funds for which ongoing restrictions continue to apply. The Board has noted the net current liabilities of £767k (2020 - £1,176k) which are considered part of the unrestricted funds obligation. SAMS is satisfied that this does not affect the sustainability of the Group. It is our intention to review the required level of unrestricted funds over the current financial year in order to move towards compliance with the policy of a minimum of 3 months annualised unrestricted expenditure.

Investment policy and performance

The Board has considered the most appropriate policy for investing funds and has found that short to medium term investment of funds should be held in a mixture of current and investment accounts to minimise risk associated with term deposits.

Remuneration of key management personnel

The remuneration level of key management personnel is decided by a Remuneration Committee, independent of those whose remuneration is being agreed. No member of key management personnel forms part of the committee that decides their individual level of remuneration. Remuneration is consistent with other UK academic salary structures for similar positions and the remuneration level agreed is based on the qualifications and experience of the specific individuals.

The SAMS Board

The members of the Board, who act as trustees and directors, are all guarantors of the company, of an amount not exceeding £1, during the period of their appointment as Board members and for a year after resignation. The Board is appointed in accordance with the Memorandum and Articles of Association, which allows Directors to serve a maximum of two consecutive 3-year terms.

The members of the Board during the year are listed on page 3.

The UKRI - Natural Environment Research Council (NERC), the University of the Highlands & Islands (UHI) and the Highlands & Island Enterprise (HIE) all have observer status at SAMS Board meetings.

Any member of SAMS can nominate a new trustee to serve on the SAMS Board. The SAMS Director has the responsibility to outline the duties and responsibilities to potential Directors. A new Director is nominated and seconded at the AGM. However, in line with SAMS' policy of openness and transparency, potential Directors must first be interviewed by a panel chaired by the SAMS Chair prior to final selection and appointment.

New Directors attend a briefing meeting with the SAMS Director or Company Secretary and are provided with the relevant guidance notes from Companies House and the Office of the Scottish Charity Regulator.

SAMS Board now meets four times a year usually with the addition of an annual retreat. There are five sub-committees; Finance, Audit, Research, Enterprise and Innovation, Communications and Development and Education. In addition, there is a separate Board for SRSL. The SAMS Board, the SRSL Board and the Committees approve the Group's strategy and perform the governance function for SAMS. The implementation of the strategy is delegated to the Executive Group led by the SAMS Director, the Chief Executive of the SAMS Group.

Executive group

Management of the Charity is delegated by the Board to the Director and the SAMS Executive Group. The members of the Executive Group during the reporting period or at the date of this report were:

Prof Keith Davidson	Associate Director for Education
Mr Mike Spain	Head of Enterprise from 1 September 2020
Ms Sue Johnson	Head of HR, appointed August 2018
Prof Axel E J Miller	Deputy Director
Prof Nicholas J P Owens	Director
Prof Michele Stanley	Associate Director for Research & Innovation, from April 2018
Ms Patricia McGill	Head of Finance from 28 September 2020 until 28 April 2021
Mr Donald Smith	Interim Head of Finance from 26 April 2021
Prof Ben Wilson	Associate Director for Research from April 2018

Equal opportunities

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

Directors' statement as to disclosure of information to auditors

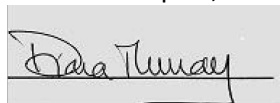
The directors who are members of the Board at the time of approving the directors' report are listed on page 3. Having made enquiries of fellow directors, each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Saffery Champness LLP were appointed as auditor in December 2019.

The Board report, incorporating the strategic report is approved



.....
Chair of Board - Diana Murray

Date: 7 October 2021



.....
SAMS Trustee - Hazel Allen

Date: 7 October 2021

The Members of Board (who are directors for the purposes of company law) are responsible for preparing the Annual Report including the Strategic Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and its group; and of its incoming resources and application of resources, including the income and expenditure, of the charitable company and its group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102) as amended;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and its group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and its group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of The Scottish Association for Marine Science (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the group statement of financial activities, charity statement of financial activities, group balance sheet, charity balance sheet, group and charity statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters, in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sectors in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Office of the Scottish Charity Regulator.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

Independent auditor's report (continued)

Charity number: SC009206

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

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the parent charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP
.....

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

Chartered Accountants
Statutory Auditors

11 October 2021.....

Kintail House
Beechwood Park
Inverness
IV2 3BW

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

The Scottish Association for Marine Science
(A company limited by guarantee)
Group statement of financial activities (including the income and
expenditure account)
For the year ended 31 March 2021

Charity number: SC009206
Company number: SC009292

	Note	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Income from:					
Other trading activities	3a	2,077	-	2,077	1,690
Charitable activities	3c	2,313	5,960	8,273	9,307
Other income		-	-	-	-
Total income		4,390	5,960	10,350	10,997
Expenditure on:					
Raising funds	4a	7	-	7	11
Charitable activities	5a	3,908	6,395	10,303	11,470
Total expenditure		3,915	6,395	10,310	11,481
Net income/(expenditure)		475	(435)	40	(484)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Pension surplus/(deficit)	21	219	-	219	743
Net movement in funds		694	(435)	259	259
Reconciliation of funds:					
Total funds brought forward		10,960	1,952	12,912	12,653
Total funds carried forward		11,654	1,517	13,171	12,912

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

All income and expenditure derive from continuing activities.

The Scottish Association for Marine Science
(A company limited by guarantee)
Charity statement of financial activities (including the income and
expenditure account)
For the year ended 31 March 2021

Charity number: SC009206
Company number: SC009292

	Note	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Income from:					
Other trading activities	3a	832	-	832	335
Investments	3b	165	-	165	251
Charitable activities	3d	2,935	5,960	8,895	9,870
Other income		-	-	-	-
Total income		3,932	5,960	9,892	10,456
Expenditure on:					
Raising funds	4b	5	-	5	10
Charitable activities	5b	3,511	6,395	9,906	10,883
Total expenditure		3,516	6,395	9,911	10,893
Net income/(expenditure)		416	(435)	(19)	(437)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Pension surplus/(deficit)	21	219	-	219	743
Net movement in funds		635	(435)	200	306
Reconciliation of funds:					
Total funds brought forward		10,666	1,952	12,618	12,312
Total funds carried forward		11,301	1,517	12,818	12,618

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

All income and expenditure derive from continuing activities.

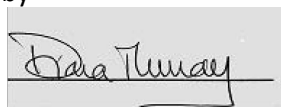
The Scottish Association for Marine Science
(A company limited by guarantee)

Group balance sheet
As at 31 March 2021

Charity number: SC009206
Company number: SC009292

		2021		2020	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	10		15,474		15,704
Current assets					
Stocks		22		23	
Debtors	12	2,837		3,190	
Cash at bank and in hand		3,892		1,547	
		<u>6,751</u>		<u>4,760</u>	
Creditors: amounts falling due within one year	13	(7,518)		(5,936)	
Net current liabilities			(767)		(1,176)
Creditors: amounts falling due within one year	14		(97)		-
Net assets excluding pension liability			<u>14,610</u>		<u>14,528</u>
Defined benefit pension scheme liability	16		(1,439)		(1,616)
Net assets			<u><u>13,171</u></u>		<u><u>12,912</u></u>
Funds					
Unrestricted funds			11,654		10,960
Restricted funds	18		1,517		1,952
Total funds			<u><u>13,171</u></u>		<u><u>12,912</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Chair of Board - Diana Murray



SAMS Trustee - Hazel Allen

Date: 07 October 2021

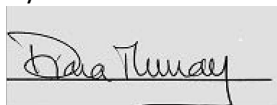
The Scottish Association for Marine Science
(A company limited by guarantee)

Charity balance sheet
As at 31 March 2021

Charity number: SC009206
Company number: SC009292

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	10	15,395	15,689
Investments	11	39	39
		<u>15,434</u>	<u>15,728</u>
Current assets			
Stocks		7	7
Debtors	12	3,640	3,527
Cash at bank and in hand		2,666	970
		<u>6,313</u>	<u>4,504</u>
Creditors: amounts falling due within one year	13	(7,440)	(5,998)
Net current liabilities		<u>(1,127)</u>	<u>(1,494)</u>
Creditors: amounts falling due within one year	14	(50)	-
Net assets excluding pension liability		<u>14,257</u>	<u>14,234</u>
Defined benefit pension scheme liability	16	(1,439)	(1,616)
Net assets		<u><u>12,818</u></u>	<u><u>12,618</u></u>
Funds			
Unrestricted funds		11,301	10,666
Restricted funds	18	1,517	1,952
Total funds		<u><u>12,818</u></u>	<u><u>12,618</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Chair of Board - Diana Murray



SAMS Trustee - Hazel Allen

Date: 07 October 2021

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

Group and charity statement of cash flows
For the year ended 31 March 2021

Charity number: SC009206
Company number: SC009292

		Group	Group	Charity	Charity
		2021	2020	2021	2020
	Note	£000	£000	£000	£000
Net cash inflow/(outflow) from operating activities	20	3,089	1,182	2,243	718
Cash flows from investing activities:					
Purchase of tangible fixed assets		(844)	(605)	(762)	(599)
Proceeds on disposal of fixed assets		-	30	-	30
Investment income		-	-	165	251
Net cash outflow from investing activities		(844)	(575)	(597)	(318)
Cash flows from financing activities:					
Proceeds from new loans		100	-	50	-
Net cash outflow from financing activities		100	-	50	-
Net increase/(decrease) in cash and cash equivalents		2,345	607	1,696	400
Cash and cash equivalents at beginning of the year		1,547	940	970	570
Cash and cash equivalents at end of the year		3,892	1,547	2,666	970

1 Accounting policies

Company information

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

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

1.1 Basis of preparation

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015 as amended) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity has availed itself of S396 of the Companies Act 2006 as permitted in paragraph 4 (1) of schedule S I 2008 no.409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

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

1.2 Going concern

SAMS continue to pursue their 2020-2025 strategy "...to secure healthy and sustainable oceans", first released in July 2020. The Directors remain confident that delivery of the Strategy will provide opportunities for the charity to improve its financial position and as a result the directors believe that the charity will continue to thrive and will remain active into the future, for at least 12 months from the approval date of these financial statements.

Whilst the COVID-19 pandemic initially caused operational challenges, staff have been able to adapt their working practices so that significant disruption to the scientific and educational priorities has largely been avoided. The pandemic has been high on the list of identified business risks however the mitigation strategies put in place have helped SAMS to achieve a much better financial outcome than appeared likely throughout the year.

Going concern (continued)

Cash flow monitoring continues to develop and has become a useful tool for the SAMS Executive Group and Board Trustees in their ongoing work to manage the charity's activities in a pragmatic and positive manner. Throughout the year, indicative cash flow and bank balances for the Group have remained strong with a year-end balance recorded at £3.89m. Current predictions suggest that the cash position should remain more than £2.00m throughout all of 2021/22. The financial model developed to support the 2020-2025 strategy also supports this positive liquidity position.

The SAMS Executive Group, supported by other senior staff, continue to actively review the funding proposals bring prepared and submitted to a range of funders for relevant Research, Education and Enterprise projects. There is also regular communication and dialogue with SAMS main funders to ensure that we are included in any ongoing discussions regarding possible additional sources of eligible funds that become available to Universities and Research Institutes.

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

1.3 Basis of consolidation

The consolidated statement of financial activities and balance sheet include the financial statements of SAMS and its subsidiary undertakings for the year ended 31 March 2021. Intra-group income, expenditure, surpluses and deficits are eliminated fully on consolidation.

1.4 Stocks

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

1.5 Fixed assets

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

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

Fixed assets (continued)

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

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

1.6 Value added tax

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

1.7 Investments

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

1.8 Foreign currencies

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

1.9 Leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases. Rentals payable under operating leases are recognised on a straight-line basis over the term of the relevant lease.

1.10 Pensions

SAMS participates in the Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SAMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SAMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since SAMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the recognised liability for the contributions payable that arises from the agreement (to the extent that they relate to the deficit) is therefore an expense and is recognised.

Pensions (continued)

All SAMS staff who were employed prior to 2001 were eligible to join a number of pension schemes encompassed within the Research Councils Pension Scheme (RCPS) which is administered centrally on behalf of all the UK Research Councils by the Joint Superannuation Service (JSS) of the National Research Council (NERC). There are several different schemes within the RCPS which have varying benefits and contributions. Further information in relation to these schemes is available from the Civil Service Pension Scheme (PCSPS) which are unfunded, with the benefits secured against future tax yields.

As with most public sector pension schemes, the RCPS schemes are multi-employer defined benefits schemes, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. SAMS therefore for these older schemes treat them as if they were defined contribution schemes. These schemes are closed for all new staff.

All staff joining SAMS after 1 April 2017 were eligible to join a group personal pension scheme, The Peoples Pension Scheme (PPS). The assets of the scheme are invested with an insurance company and are held separately from those of the group.

Further details of the above schemes are given in note 21.

1.11 Income

Income represents NERC core grants receivable in the year, other research income receivable from outside bodies, teaching income through UHI and other miscellaneous income. Income is recorded when the charity becomes entitled, its receipt becomes probable and the amount can be measured reliably. Income includes funds receivable from government bodies, as defined in the SORP.

Other funds received of a revenue nature are recognised in income on a systematic basis over the periods in which SAMS recognises the related costs for which the income is intended to compensate. Grants and other funds that are subject to performance-related conditions are recognised to the extent that SAMS has obtained the right to consideration through its performance under its contracted obligations. Where performance-related conditions are unmet, amounts received in advance are recorded within payments received in advance (deferred income). Deferred income is released to income in the reporting period in which the performance-related or other conditions that limit recognition are met. The percentage of income received from out-with the UK is 20% (2020 - 22%).

1.12 Expenditure

Direct charitable expenditure represents the full cost of the research performed. It includes the cost of direct staff, consumable stocks, indirect costs, the cost of compliance with statutory and constitutional requirements and other apportioned support costs. Support costs have been apportioned to direct charitable expenditure on a percentage basis of total charitable expenditure. Fundraising and publicity expenditure represents the cost of obtaining funds for research, promoting the work of the SAMS Group and recruitment of staff. Restructuring costs are recognised when the decision has been committed to and communicated formally to the relevant employee.

Expenditure (continued)

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

1.13 Financial assets

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Basic financial assets are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets - impairment

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

Financial assets - derecognition

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.14 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.15 Financial liabilities

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial liabilities are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of recognition.

Financial liabilities (continued)

Basic financial liabilities are initially measured at transaction price and are subsequently carried at amortised using the effective interest rate method, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial liabilities - derecognition

Financial liabilities are derecognised when the company's obligations are discharged, cancelled, or they expire.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Pension deficit obligation

The calculation of the pension deficit obligation for SAMS involves judgements including the determination of discount rates, assumptions for salary inflation, staff changes, estimated retirement dates and mortality rates. These assumptions are based on the current environment and they may vary from year to year, which would affect the value of the obligation and impact on the net movement in funds in the SOFA. Pension deficit obligations, including the underlying assumptions, are reviewed and will continue to be reviewed by the directors on an annual basis. The carrying value of the pension deficit obligation at the year end is £1,439k (2020 - £1,616k).

Recoverability of intra-group balances and investments

The recoverability of balances arising from transactions between group entities and the carrying value of the investments held in subsidiary companies are subject to judgements and estimates of the future financial performance and financial position of each group entity. The directors regularly review the expected future performance of each company and have strategic business plans in place. The directors would provide against any balance they believe to be irrecoverable. The carrying value at company level at the year-end for investments in group companies is £39k and the net carrying value of intra-group balances is a debtor of £725k.

3a Income from other trading activities (group and charity)

Total group income from other trading activities was £2,077k (2020 - £1,690k) and total charity income from other trading activities was £832k (2020 - £335k). Included in group and charity income was restricted income of £nil (2020 - £6k).

3b Income from investments (group and company)

There was no group income from investments during the year or prior year. Company income from investments in the year consisted of profits gift aided from of it's subsidiaries SAMS Applied Marine Science Enterprise Limited and SAMS Limited, totalling £165k (2020 - £251k).

3c Income from charitable activities (group)

	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Education and knowledge transfer grants	677	735	1,412	1,626
Research income, national capability and facilities	1,458	5,225	6,683	7,469
Recompression SIMBA units and components	178	-	178	212
	<u>2,313</u>	<u>5,960</u>	<u>8,273</u>	<u>9,307</u>

Group income from charitable activities was £8,273k (2020 - £9,307k) of which £2,313k (2020 - £1,881k) was unrestricted and £5,960k (2020 - £7,426k) was restricted.

Government grants included in the income above are as follows:

	2021 £000	2020 £000
United Kingdom Research & Innovation	3,544	3,149
European Union	1,349	1,378
Non-Departmental Public Bodies	385	206
Enterprises Schemes	355	282
Scottish Funding Council	2,069	1,916
	<u>7,702</u>	<u>6,931</u>

3d Income from charitable activities (charity)

	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Education and knowledge transfer grants	677	735	1,412	1,626
Research income, national capability and facilities	2,258	5,225	7,483	8,244
	<u>2,935</u>	<u>5,960</u>	<u>8,895</u>	<u>9,870</u>

Charity income from charitable activities was £8,895k (2020 - £9,870k) of which £2,935k (2020 - £2,444k) was unrestricted and £5,960k (2020 - £7,426k) was restricted.

Government grants included in the income above are as follows:

	2021 £000	2020 £000
United Kingdom Research & Innovation	3,544	3,149
European Union	1,312	1,312
Non-Departmental Public Bodies	385	206
Enterprises Schemes	355	282
Scottish Funding Council	2,069	1,916
	<u>7,665</u>	<u>6,865</u>

4a Expenditure on raising funds (group)

	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Marketing, publications and newsletters	7	-	7	11

Expenditure on raising funds was £7k (2020 - £11k). This expenditure was unrestricted in full in both years.

4b Expenditure on raising funds (charity)

	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Marketing, publications and newsletters	5	-	5	10

Expenditure on raising funds was £5k (2020 - £10k). This expenditure was unrestricted in full in both years.

5a Expenditure on charitable activities (group)

	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Staff costs (note 8)	3,324	3,635	6,959	6,696
Governance costs	17	-	17	23
Other costs (everything other than governance and marketing)	567	2,760	3,327	4,751
	3,908	6,395	10,303	11,470

Expenditure on charitable activities was £10,303k (2020 - £11,470k) of which £3,908k (2020 - £4,838k) was unrestricted and £6,395k (2020 - £6,632k) was restricted.

5b Expenditure on charitable activities (charity)

	Unrestricted funds £000	Restricted funds £000	2021 total £000	2020 total £000
Staff costs (note 8)	3,249	3,635	6,884	6,643
Governance costs	12	-	12	23
Other costs (everything other than governance and marketing)	250	2,760	3,010	4,217
	<u>3,511</u>	<u>6,395</u>	<u>9,906</u>	<u>10,883</u>

Expenditure on charitable activities was £9,906k (2020 - £10,883k) of which £3,511k (2020 - £4,251k) was unrestricted and £6,395k (2020 - £6,632k) was restricted.

6 Net income/(expenditure) for the year

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
This is stated after charging/crediting:				
Auditor remuneration:				
Audit services	19	21	13	14
Other services	4	5	3	3
Depreciation and (gains)/losses on disposals	1,074	933	1,056	931
Operating lease charges	47	40	8	7
Foreign exchange loss / (gain)	<u>93</u>	<u>106</u>	<u>79</u>	<u>91</u>

7 Remuneration of the members of the council and key management personnel

The non-executive Council Members received £1,189 (2020 - £6,278), in the form of reimbursable expenses, in total from SAMS during the year. The following Directors received remuneration:

		2021	2020
	<i>Committee</i>	£000	£000
Mr John MacKerron	<i>Audit</i>	5	3
Ms Hazel Allen	<i>Finance</i>	3	3
		<u>8</u>	<u>6</u>

The number of directors to whom retirement benefits are accruing is zero (2020 – zero).

Total employee benefits paid by the charity during the year in relation to key management personnel constituted:

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£000	£000	£000	£000
Key management personnel	<u>859</u>	<u>943</u>	<u>859</u>	<u>943</u>

There are no additional related party transactions to be disclosed.

8 Analysis of staff costs

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Wages and salaries	5,525	5,347	5,460	5,298
Social security costs	512	458	506	458
Pension costs	880	891	876	887
	6,917	6,696	6,842	6,643

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

	Group 2021 Number	Group 2020 Number	Charity 2021 Number	Charity 2020 Number
Administration	64	60	63	60
Research	58	55	56	53
Technical	67	72	66	72
	189	187	185	185

Remuneration of higher paid staff earning in excess of £60,000, excluding employer's pension contributions, for the group and charity were in the following ranges:

	2021 Number	2020 Number
£60,000 - £69,999	4	5
£70,000 - £79,999	2	-
£80,000 - £89,999	2	2
£120,000 - £129,999	1	1

All employees earning more than £60,000 accrued benefits under a defined benefit scheme during the year.

9 Expenditure

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Activities in furtherance of charitable activities				
Administration	2,711	2,745	2,638	2,689
Research	3,195	2,879	3,193	2,882
Technical	1,006	1,014	1,006	1,014
	6,912	6,638	6,837	6,585
Scientific consumables	1,809	2,910	1,851	2,812
Support costs	1,307	1,643	1,096	1,209
Depreciation unfunded	282	290	127	287
Interest	-	-	-	-
Total	10,310	11,481	9,911	10,893
Support costs				
Utilities	413	499	349	421
Property maintenance, service and cleaning	241	130	241	130
Communications	12	28	12	28
Company Secretary, Finance and HR	128	200	128	197
Directorate	219	170	219	170
Health and safety	48	32	48	32
ITC costs	51	60	51	60
Library	(7)	25	(7)	25
Ocean Explorer Centre	1	3	1	3
Vehicles	5	8	5	6
Vessels	28	82	28	82
Other	168	406	21	55
Total	1,307	1,643	1,096	1,209

10 Tangible fixed assets (group)

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
Cost					
At 1 April 2020	116	20,314	558	11,990	32,978
Additions	-	204	-	640	844
Transfer completed project	(116)	-	-	116	-
Disposals	-	-	-	-	-
At 31 March 2021	-	20,518	558	12,746	33,822
Depreciation					
At 1 April 2020	-	6,432	524	10,318	17,274
Charge for the year	-	414	8	652	1,074
On disposals	-	-	-	-	-
At 31 March 2021	-	6,846	532	10,970	18,348
Net book value					
At 31 March 2021	-	13,672	26	1,776	15,474
At 31 March 2020	116	13,882	34	1,672	15,704

10 Tangible fixed assets (charity)

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
Cost					
At 1 April 2020	116	20,314	558	11,725	32,713
Additions	-	191	-	571	762
Transfer completed project	(116)	-	-	116	-
Disposals	-	-	-	-	-
At 31 March 2021	-	20,505	558	12,412	33,475
Depreciation					
At 1 April 2020	-	6,432	524	10,068	17,024
Charge for the year	-	414	8	634	1,056
On disposals	-	-	-	-	-
At 31 March 2021	-	6,846	532	10,702	18,080
Net book value					
At 31 March 2021	-	13,659	26	1,710	15,395
At 31 March 2020	116	13,882	34	1,657	15,689

The value of capital commitments at 31 March 2021 was £21k (2020 - £70k).

11 Investments

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Subsidiaries	-	-	39	39
Other fixed asset investment	-	-	-	-
	-	-	39	39

11 Investments (continued)

Other fixed asset investment (group)

	2021 £000	2020 £000
Cost at 1 April	53	53
Impairment	(53)	(53)
Net book value at 31 March	-	-

Subsidiary undertakings (charity)

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

	<i>SAMS Applied Marine Science Enterprise Limited</i>		<i>SAMS Limited</i>	
	2021 £000	2020 £000	2021 £000	2020 £000
Turnover	1,321	1,448	141	140
Cost of sales	(1,129)	(1,227)	(40)	(50)
Gross profit	192	221	101	90
Administrative expenses	(40)	(130)	(10)	(10)
Profit before taxation	152	91	91	80
Tax on profit	(19)	31	-	-
Profit for the year	133	122	91	80
Net assets	292	246	101	88

12 Debtors

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Trade debtors	156	83	-	-
Prepayments and accrued income	1,879	2,464	1,868	2,440
Amounts owed by group undertakings	-	-	970	444
Other debtors	802	643	802	643
	2,837	3,190	3,640	3,527

13 Creditors: amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Bank loan (note 15)	3	-	-	-
Payments received in advance	6,017	4,652	5,771	4,438
Amounts owed to group undertakings	-	-	245	371
Taxation and social security	189	178	186	177
Sundry creditors and accruals	1,309	1,106	1,238	1,012
	7,518	5,936	7,440	5,998

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

Analysis of payments received in advance:

	Brought forward £000	Released during the year £000	Deferred this year £000	Carried forward £000
Group				
2021	4,652	(3,662)	5,027	6,017
2020	4,249	(4,179)	4,582	4,652
Charity				
2021	4,438	(3,694)	5,027	5,771
2020	4,114	(4,113)	4,437	4,438

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

14 Creditors: amounts falling due after one year

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Bank loan (note 15)	97	-	50	-

15 Loans and overdrafts

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Bank loan	100	-	50	-
Within one year	3	-	-	-
Within two to five years	97	-	50	-
Later than five years	-	-	-	-
	100	-	50	-

15 Loans and overdrafts (continued)

There is a bank overdraft facility in place which is secured by a bond and floating charge over the whole assets of the company and a standard security over Scottish Marine Institute, Oban in favour of the Bank of Scotland, HIE Argyll and the Islands and the University of the Highlands and Islands.

The bank loans are repayable by instalments, with no repayments required in the first 12 months of drawdown, and maturing in the year to 31 March 2027. Interest is payable at 2.5%.

16 Provisions for liabilities

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Pension deficit obligations (note 21)	1,439	1,616	1,439	1,616

17 Other financial commitments

At 31 March 2021 the company had commitments under non-cancellable operating leases as set out below:

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Within one year	40	38	5	3
Within two to five years	87	122	1	-
Later than five years	-	-	-	-
	127	160	6	3

18 Restricted funds

	At 1 April 2020 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2021 £000
Group					
Fixed asset funds	796	878	(707)	550	1,517
Research projects	1,156	5,082	(5,688)	(550)	-
	<u>1,952</u>	<u>5,960</u>	<u>(6,395)</u>	<u>-</u>	<u>1,517</u>
Charity					
Fixed asset funds	796	878	(707)	550	1,517
Research projects	1,156	5,082	(5,688)	(550)	-
	<u>1,952</u>	<u>5,960</u>	<u>(6,395)</u>	<u>-</u>	<u>1,517</u>
	At 1 April 2019 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2020 £000
Group					
Fixed asset funds	5,841	322	(678)	(4,689)	796
Research projects	-	7,110	(5,954)	-	1,156
	<u>5,841</u>	<u>7,432</u>	<u>(6,632)</u>	<u>(4,689)</u>	<u>1,952</u>
Charity					
Fixed asset funds	5,841	322	(678)	(4,689)	796
Research projects	-	7,110	(5,954)	-	1,156
	<u>5,841</u>	<u>7,432</u>	<u>(6,632)</u>	<u>(4,689)</u>	<u>1,952</u>

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

Research Projects fund represents funding which has been received in relation to the completion of specific projects in accordance with the core activities of the charity.

The transfer shown between the Fixed asset fund and the Research projects fund represents capital grants incorrectly presented as Research project fund income in prior years.

19 Analysis of net liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Group (2021)			
Fixed assets	13,957	1,517	15,474
Net current liabilities	(767)	-	(767)
Long term liabilities	(1,536)	-	(1,536)
	<u>11,654</u>	<u>1,517</u>	<u>13,171</u>
Group (2020)			
Fixed assets	14,908	796	15,704
Net current liabilities	(2,332)	1,156	(1,176)
Long term liabilities	(1,616)	-	(1,616)
	<u>10,960</u>	<u>1,952</u>	<u>12,912</u>
Charity (2021)			
Fixed assets	13,917	1,517	15,434
Net current liabilities	(1,127)	-	(1,127)
Long term liabilities	(1,489)	-	(1,489)
	<u>11,301</u>	<u>1,517</u>	<u>12,818</u>
Charity (2020)			
Fixed assets	14,932	796	15,728
Net current liabilities	(2,650)	1,156	(1,494)
Long term liabilities	(1,616)	-	(1,616)
	<u>10,666</u>	<u>1,952</u>	<u>12,618</u>

20 Notes to the Statement of Cash Flows - cash generated from operations

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
Net income/(expenditure)	40	(484)	(19)	(437)
Depreciation	1,074	963	1,056	961
(Gain)/loss on sales of asset	-	(30)	-	(30)
Defined benefit pension charge/(credit)	42	56	42	56
Decrease/(increase) in stock	1	(7)	-	-
Decrease/(increase) in debtors	353	374	(113)	(115)
(Decrease)/ increase in creditors	1,579	310	1,442	534
Interest paid	-	-	-	-
Investment income	-	-	(165)	(251)
Net cash inflow/(outflow) from operating activities	3,089	1,182	2,243	718

21 Pension commitments

All SAMS staff who were employed prior to 2001 were eligible to join a number of pension schemes encompassed within the Research Councils Pension Scheme (RCPS) which is administered centrally on behalf of all the UK Research Councils by the Joint Superannuation Service (JSS) of the National Research Council (NERC).

There are several different schemes within the RCPS which have varying benefits and contributions. Further information in relation to these schemes is available from the Civil Service Pension Scheme (PCSPS) which are unfunded, with the benefits secured against future tax yields.

As with most public sector pension schemes, the RCPS schemes are multi-employer defined benefits schemes, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. SAMS therefore for these older schemes treat them as if they were defined contribution schemes. These schemes are closed for all new staff.

Employer contributions to JSS were £58k in the year (2020 - £65k). There were no outstanding contributions at 31 March 2021 or 2020.

21 Pension commitments (continued)

All staff joining SAMS after 1 April 2017 were eligible to join a group personal pension scheme, The Peoples Pension Scheme (PPS). The assets of the scheme are invested with an insurance company and are held separately from those of the group.

During the year contributions payable by the group amounted to £108k (2020 - £92k). There were no outstanding contributions at 31 March 2021 or 2020.

SAMS participates in the Universities Superannuation Scheme and some senior research education and enterprise staff are eligible to join the University Superannuation Scheme.

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SAMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SAMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of financial activities represents the contributions payable to the scheme.

SAMS is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. Between April 2020 and March 2021 the percentage was 21.1% (2020 - 21.1%).

The total cost charged to the statement of financial activities is £751k (2020 - £754k) included as part of note 5. Deficity recovery contributions due within one year for the institution are £144k. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. Since SAMS cannot identify its share of Retirement Income Builder Section of the scheme assets and liabilities the following disclosures reflect those relevant for the Section as a whole.

Since SAMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

21 Pension commitments (continued)

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

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

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

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

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

21 Pension commitments (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are:

2018 valuation mortality base table

Pre-retirement:	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Post retirement:	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality:	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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

	2021	2020
Discount rate	2.00%	2.59%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.60%	4.20%

In accordance with Section 28 of FRS 102, "Employee Benefits" SAMS has recognised a liability relating to its obligation towards funding the pension scheme deficit. In order to calculate the obligation SAMS has used a modeller created by the British Universities Finance Directors Group (BUFDG) with the support of USS. SAMS has entered the relevant assumptions into the modeller to calculate the present value of the obligation at the year-end date. The assumptions and other relevant information used include the discount rate of a high quality corporate bond, expected future salary inflation, expected future staff changes, current and future employers' contribution rates, current and future deficit contribution rates and base pensionable payroll amount. The obligation recognised on the balance sheet at 31 March 2021 amounted to £1,439k (2020 - £1,616k) and the current agreed Recovery Plan end date is 31 March 2031.

21 Pension commitments (continued)

The total amount credited to the Statement of Financial Activities is £177k (2020 - £687k credit) of which £219k (2020 - £743k credit) is disclosed for the charity and the group as other recognised gains and losses. A further £42k (2020 - £56k) of pension costs and interest is charged against expenditure on charitable activities.

22 Financial instruments

	Group 2021 £000	Group 2020 £000	Charity 2021 £000	Charity 2020 £000
<i>Carrying amount of financial assets</i>				
Measured at amortised cost	958	726	1,772	1,087
<i>Carrying amount of financial liabilities</i>				
Measured at amortised cost	1,309	1,106	1,483	1,383

Debt instruments measured at amortised cost comprises trade and other debtors.

Liabilities measured at amortised cost comprises other creditors and accruals.

23 Related party transactions

SAMS is a constituent partner of the University of the Highlands and Islands (UHI). During the year ended 31 March 2021, income of £1,972,475 (2020 - £1,742,382) was received from UHI in relation to higher education activities and payments of £33,162 (2020 - £42,706) were made to UHI. Amounts due from UHI at 31 March 2021 were £117,153 (2020 - £232,898) and amounts due to UHI were £nil (2020 - £4,616).