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**(A company limited by guarantee)**

**Group balance sheet**  
**As at 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

	Note	2022 £000	£000	2021 £000	£000
<b>Fixed assets</b>					
Tangible assets	10		14,807		15,474
<b>Current assets</b>					
Stocks		81		22	
Debtors	12	2,128		2,837	
Cash at bank and in hand		2,747		3,892	
		4,956		6,751	
<b>Creditors: amounts falling due within one year</b>	13	(5,483)		(7,518)	
<b>Net current liabilities</b>			(527)	(767)	
<b>Creditors: amounts falling due within one year</b>	14		(120)		(97)
<b>Net assets excluding pension liability</b>			14,160	14,610	
Defined benefit pension scheme liability	16		(2,913)		(1,439)
<b>Net assets</b>			11,247	13,171	
<b>Funds</b>					
Unrestricted funds	19		9,449		11,654
Restricted funds	18		1,798		1,517
<b>Total funds</b>			11,247	13,171	

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

.....  
**Diana Murray - Chair**

.....  
**, Trustee**

Date: .....

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

Charity balance sheet  
As at 31 March 2022

Charity number: SC009206  
Company number: SC009292

	Note	2022 £000	£000	2021 £000	£000
<b>Fixed assets</b>					
Tangible assets	10		14,729		15,395
Investments	11		39		39
			14,768		15,434
<b>Current assets</b>					
Stocks		7		7	
Debtors	12	2,668		3,640	
Cash at bank and in hand		1,471		2,666	
		4,146		6,313	
<b>Creditors: amounts falling due within one year</b>	13	(5,337)		(7,440)	
<b>Net current liabilities</b>			(1,191)	(1,127)	
<b>Creditors: amounts falling due within one year</b>	14		(120)		(50)
<b>Net assets excluding pension liability</b>			13,457	14,257	
Defined benefit pension scheme liability	16		(2,913)		(1,439)
<b>Net assets</b>			10,544	12,818	
<b>Funds</b>					
Unrestricted funds	19		8,746		11,301
Restricted funds	18		1,798		1,517
<b>Total funds</b>			10,544	12,818	

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.....  
**Diana Murray - Chair**

.....  
**, Trustee**

Date: .....

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

**Group and charity statement of cash flows**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

	Note	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>20</b>	(876)	3,089	(1,172)	2,243
<b>Cash flows from investing activities:</b>					
Purchase of tangible fixed assets		(289)	(844)	(270)	(762)
Investment income		-	-	177	165
Net cash outflow from investing activities		(289)	(844)	(93)	(597)
<b>Cash flows from financing activities:</b>					
Proceeds from new loans		120	100	120	50
Repayments of borrowing		(100)	-	(50)	-
Net cash inflow from financing activities		20	100	70	50
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,145)</b>	<b>2,345</b>	<b>(1,195)</b>	<b>1,696</b>
Cash and cash equivalents at beginning of the year		3,892	1,547	2,666	970
Cash and cash equivalents at end of the year		<u>2,747</u>	<u>3,892</u>	<u>1,471</u>	<u>2,666</u>

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

## **1 Accounting policies**

### **Company information**

SAMS is a company limited by guarantee with charitable status, domiciled and incorporated in Scotland. The registered office is SAMS, Dunbeg, 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) – (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 through a combination of staff fully returning to the workplace or hybrid working, 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.

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 £2.7m. Current predictions suggest that the cash position should revert back to pre-covid levels of around £1.0m from quarter 2 2022/23.

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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

**Going concern (continued)**

Management have performed a stress test on income, considering the cashflow position should there be a 5% or 10% drop in income but with costs remaining the same. Under the 10% stress test scenario, it is noted that cash is expected to fall to negative £822k in November 2023 which exceeds the agreed overdraft facility of £750k. Management are content that they have a number of mitigating actions to either increase income or reduce costs should this scenario arise, and the aim is to ensure costs are managed between budget and the -5% stress test scenario. Management's assessment is that the group remains a going concern for at least the next 12 months on the basis that there is an overdraft facility in place to cover any cash deficit.

The SAMS Executive Group, supported by other senior staff, continue to actively review the funding proposals being 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 trustees 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 2022. 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

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.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**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 statement of financial activities 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.

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.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**Pensions (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.

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 14% (2021 - 20%).

**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. 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.



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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

**Financial assets (continued)**

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.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**2 Critical accounting judgements and key sources of estimation uncertainty (continued)**

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 £2,913k (2021 - £1,439k).

***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 £812k.

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

Total group income from other trading activities was £1,875k (2021 - £2,077k) and total charity income from other trading activities was £292k (2021 - £832k). Included in group and charity income was restricted income of £nil (2021 - £nil).

**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 its subsidiaries SAMS Applied Marine Science Enterprise Limited and SAMS Limited, totalling £177k (2021 - £165k).

**3c Income from charitable activities (group)**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2022 total £000</b>	<b>2021 total £000</b>
Education and knowledge transfer grants	682	628	1,310	1,412
Research income, national capability and	1,040	5,859	6,899	6,683
Recompression SIMBA units and components	199	-	199	178
	<u>1,921</u>	<u>6,487</u>	<u>8,408</u>	<u>8,273</u>

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**3c Income from charitable activities (group) (continued)**

Group income from charitable activities was £8,408k (2021 - £8,273k) of which £1,921k (2021 - £2,313k) was unrestricted and £6,487k (2021 - £5,960k) was restricted.

Government grants included in the income above are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United Kingdom Research & Innovation	4,816	3,544
European Union	546	1,349
Non-Departmental Public Bodies	110	385
Enterprises Schemes	201	355
Scottish Funding Council	1,832	2,069
	<u>7,505</u>	<u>7,702</u>

**3d Income from charitable activities (charity)**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>2022</b>	<b>2021</b>
	<b>funds</b>	<b>funds</b>	<b>total</b>	<b>total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education and knowledge transfer grants	682	628	1,310	1,412
Research income, national capability and facilities	1,743	5,859	7,602	7,483
	<u>2,425</u>	<u>6,487</u>	<u>8,912</u>	<u>8,895</u>

Charity income from charitable activities was £8,912k (2021 - £8,895k) of which £2,425k (2021 - £2,935k) was unrestricted and £6,487k (2021 - £5,960k) was restricted.

Government grants included in the income above are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United Kingdom Research & Innovation	4,816	3,544
European Union	528	1,312
Non-Departmental Public Bodies	110	385
Enterprises Schemes	201	355
Scottish Funding Council	1,832	2,069
	<u>7,487</u>	<u>7,665</u>

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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

**4a Expenditure on raising funds (group)**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2022 total £000</b>	<b>2021 total £000</b>
Marketing, publications and newsletters	22	-	22	7

Expenditure on raising funds was £22k (2021 - £7k). This expenditure was unrestricted in full in both years.

**4b Expenditure on raising funds (charity)**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2022 total £000</b>	<b>2021 total £000</b>
Marketing, publications and newsletters	12	-	12	5

Expenditure on raising funds was £12k (2021 - £5k). This expenditure was unrestricted in full in both years.

**5a Expenditure on charitable activities (group)**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2022 total £000</b>	<b>2021 total £000</b>
Staff costs (note 8)	2,707	4,102	6,809	6,959
Governance costs	6	-	6	17
Other costs (everything other than governance and marketing)	1,820	2,104	3,924	3,327
	<u>4,533</u>	<u>6,206</u>	<u>10,739</u>	<u>10,303</u>

Expenditure on charitable activities was £10,739k (2021 - £10,303k) of which £4,533k (2021 - £3,908k) was unrestricted and £6,206k (2021 - £6,395k) was restricted.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**5b Expenditure on charitable activities (charity)**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2022 total £000</b>	<b>2021 total £000</b>
Staff costs (note 8)	2,590	4,102	6,692	6,884
Governance costs	6	-	6	12
Other costs (everything other than governance and marketing)	1,398	2,104	3,502	3,010
	<u>3,994</u>	<u>6,206</u>	<u>10,200</u>	<u>9,906</u>

Expenditure on charitable activities was £10,200k (2021 - £9,906k) of which £3,994k (2021 - £3,511k) was unrestricted and £6,206k (2021 - £6,395k) was restricted.

**6 Net (expenditure)/income for the year**

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>	<b>Charity 2022 £000</b>	<b>Charity 2021 £000</b>
This is stated after charging/crediting:				
Auditor remuneration:				
Audit services	31	19	18	13
Other services	3	4	2	3
Depreciation and (gains)/losses on disposals	956	1,074	936	1,056
Operating lease charges	41	47	6	8
Foreign exchange loss / (gain)	(57)	(93)	(59)	(79)

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

Two non-executive Council Members received £434 (2021 - £1,189), in the form of reimbursable expenses for travel and subsistence while on Council business in total from SAMS during the year. The following Directors received remuneration:

		<b>2022 £000</b>	<b>2021 £000</b>
Mr John MacKerron	<i>Committee</i>		
	<i>Audit</i>	5	5
Mr Paul Brennan	<i>Audit</i>	-	-
Ms Hazel Allen	<i>Finance</i>	1	3
		<u>6</u>	<u>8</u>

There are no directors in the current or prior year to whom retirement benefits are accruing.

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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

**7 Remuneration of the members of the council and key management personnel (continued)**

Total employee benefits, including employer's National Insurance and pension contributions, paid by the charity during the year in relation to key management personnel constituted:

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>	<b>Charity 2022 £000</b>	<b>Charity 2021 £000</b>
Key management personnel	1,041	859	1,041	859

There are no additional related party transactions to be disclosed.

**8 Analysis of staff costs**

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>	<b>Charity 2022 £000</b>	<b>Charity 2021 £000</b>
Wages and salaries	5,443	5,525	5,344	5,460
Social security costs	447	512	436	506
Pension costs	934	880	925	876
	<u>6,824</u>	<u>6,917</u>	<u>6,705</u>	<u>6,842</u>

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

	<b>Group 2022 Number</b>	<b>Group 2021 Number</b>	<b>Charity 2022 Number</b>	<b>Charity 2021 Number</b>
Administration	65	64	63	63
Research	86	58	84	56
Technical	51	67	50	66
	<u>202</u>	<u>189</u>	<u>197</u>	<u>185</u>

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

	<b>2022 Number</b>	<b>2021 Number</b>
£60,000 - £69,999	3	4
£70,000 - £79,999	2	2
£80,000 - £89,999	2	2
£120,000 - £129,999	<u>1</u>	<u>1</u>

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

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**9 Expenditure**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><i>Activities in furtherance of charitable activities</i></b>				
Administration	2,901	2,711	2,784	2,638
Research	2,940	3,195	2,940	3,193
Technical	962	1,006	962	1,006
	<u>6,803</u>	<u>6,912</u>	<u>6,686</u>	<u>6,837</u>
Scientific consumables	1,924	1,809	2,108	1,851
Support costs	1,619	1,307	1,295	1,096
Depreciation unfunded	417	282	124	127
Total	<u>10,762</u>	<u>10,310</u>	<u>10,213</u>	<u>9,911</u>
<b><i>Support costs</i></b>				
Utilities	482	413	432	349
Property maintenance, service and cleaning	247	241	247	241
Communications	32	12	32	12
Company Secretary, Finance and HR	91	128	86	128
Directorate	290	219	290	219
Health and safety	57	48	57	48
ITC costs	70	51	70	51
Library	35	(7)	35	(7)
Ocean Explorer Centre	3	1	3	1
Vehicles	12	5	10	5
Vessels	12	28	12	28
Other	287	168	21	21
Total	<u>1,619</u>	<u>1,307</u>	<u>1,295</u>	<u>1,096</u>

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**10 Tangible fixed assets (group)**

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
<b>Cost</b>					
At 1 April 2021	-	20,518	558	12,746	33,822
Additions	16	46	-	227	289
At 31 March 2022	16	20,564	558	12,973	34,111
<b>Depreciation</b>					
At 1 April 2021	-	6,846	532	10,970	18,348
Charge for the year	-	413	5	538	956
At 31 March 2022	-	7,259	537	11,508	19,304
<b>Net book value</b>					
At 31 March 2022	16	13,305	21	1,465	14,807
At 31 March 2021	-	13,672	26	1,776	15,474

**10 Tangible fixed assets (charity)**

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
<b>Cost</b>					
At 1 April 2021	-	20,505	558	12,412	33,475
Additions	16	43	-	211	270
At 31 March 2022	16	20,548	558	12,623	33,745
<b>Depreciation</b>					
At 1 April 2021	-	6,846	532	10,702	18,080
Charge for the year	-	413	5	518	936
At 31 March 2022	-	7,259	537	11,220	19,016
<b>Net book value</b>					
At 31 March 2022	16	13,289	21	1,403	14,729
At 31 March 2021	-	13,659	26	1,710	15,395

The value of capital commitments at 31 March 2022 was £199k (2021 - £21k).



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

Notes to the financial statements  
For the year ended 31 March 2022

Charity number: SC009206  
Company number: SC009292

## 11 Investments

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Subsidiaries	-	-	39	39
Other fixed asset investment	-	-	-	-
	-	-	39	39

### Other fixed asset investment (group)

	2022 £000	2021 £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

	SAMS Applied Marine Science Enterprise Limited		SAMS Limited	
	2022 £000	2021 £000	2022 £000	2021 £000
Turnover	1,639	1,321	227	141
Cost of sales	(1,130)	(1,129)	(70)	(40)
Gross profit	509	192	157	101
Administrative expenses	(132)	(40)	(6)	(10)
Profit before taxation	377	152	151	91
Tax on profit	-	(19)	-	-
Profit for the year	377	133	151	91
Net assets	580	292	164	101

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

Notes to the financial statements  
For the year ended 31 March 2022

Charity number: SC009206  
Company number: SC009292

**12 Debtors**

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Trade debtors	517	156	251	-
Prepayments and accrued income	1,605	1,879	1,597	1,868
Amounts owed by group undertakings	-	-	814	970
Other debtors	6	802	6	802
	2,128	2,837	2,668	3,640
	2,128	2,837	2,668	3,640

**13 Creditors: amounts falling due within one year**

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
Bank loan (note 15)	-	3	-	-
Payments received in advance	4,319	6,017	4,188	5,771
Amounts owed to group undertakings	-	-	2	245
Taxation and social security	142	189	143	186
Sundry creditors and accruals	1,022	1,309	1,004	1,238
	5,483	7,518	5,337	7,440
	5,483	7,518	5,337	7,440

**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
<b>Group</b>				
2022	6,017	(5,785)	4,087	4,319
2021	4,652	(3,662)	5,027	6,017
<b>Charity</b>				
2022	5,771	(5,428)	3,845	4,188
2021	4,438	(3,694)	5,027	5,771

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.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**14 Creditors: amounts falling due after one year**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan (note 15)	120	97	120	50

**15 Loans and overdrafts**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan	120	100	120	50
Within one year	-	3	-	-
Within two to five years	120	97	120	50
	120	100	120	50

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**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Pension deficit obligations (note 21)	2,913	1,439	2,913	1,439

**17 Other financial commitments**

At 31 March 2022 the company had commitments under non-cancellable operating leases as set out below:

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	41	40	5	5
Within two to five years	53	87	1	1
	93	127	7	6

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**18 Restricted funds**

	<b>At 1 April 2021 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers £000</b>	<b>At 31 March 2022 £000</b>
<b>Group</b>					
Fixed asset funds	1,517	168	(540)	-	1,145
Research projects	-	6,319	(5,666)	-	653
	<u>1,517</u>	<u>6,487</u>	<u>(6,206)</u>	<u>-</u>	<u>1,798</u>
<b>Charity</b>					
Fixed asset funds	1,517	168	(540)	-	1,145
Research projects	-	6,319	(5,666)	-	653
	<u>1,517</u>	<u>6,487</u>	<u>(6,206)</u>	<u>-</u>	<u>1,798</u>
	<b>At 1 April 2020 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers £000</b>	<b>At 31 March 2021 £000</b>
<b>Group</b>					
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>
<b>Charity</b>					
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>

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.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**19 Analysis of net liabilities between funds**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>funds</b>	<b>funds</b>	
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group (2022)</b>			
Fixed assets	13,662	1,145	14,807
Net current liabilities	(1,180)	653	(527)
Long term liabilities	(3,033)	-	(3,033)
	<u>9,449</u>	<u>1,798</u>	<u>11,247</u>
<b>Group (2021)</b>			
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>
<b>Charity (2022)</b>			
Fixed assets	13,623	1,145	14,768
Net current liabilities	(1,844)	653	(1,191)
Long term liabilities	(3,033)	-	(3,033)
	<u>8,746</u>	<u>1,798</u>	<u>10,544</u>
<b>Charity (2021)</b>			
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>

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

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Net (expenditure)/income	(478)	40	(828)	(19)
Depreciation	956	1,074	936	1,056
Defined benefit pension charge/(credit)	28	42	28	42
(Increase)/decrease in stock	(59)	1	-	-
Decrease/(increase) in debtors	709	353	972	(113)
(Decrease)/ increase in creditors	(2,032)	1,579	(2,103)	1,442
Investment income	-	-	(177)	(165)
Net cash (outflow)/inflow from operating activities	<u>(876)</u>	<u>3,089</u>	<u>(1,172)</u>	<u>2,243</u>

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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

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**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 £55k in the year (2021 - £58k). There were no outstanding contributions at 31 March 2022 or 2021.

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 £118k (2021 - £108k). At the year end there was an accrual of £18,271 in respect of employer and employee contributions at year end (2021: £nil).

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 2021 and September 2021 the percentage was 21.1% (2021 - 21.1%) and between October 2021 and March 2022 the percentage was 21.4%.

The total cost charged to the statement of financial activities is £730k (2021 - £751k) included as part of note 5. Deficit recovery contributions due within one year for the institution are £217k (2021 - £144k). At the year end there was an accrual of £99,904 in respect of employer and employee contributions at year end (2021: £nil). 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.

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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

**21 Pension commitments (continued)**

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.

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 2020 (the valuation date), which was carried out using the projected unit method.

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 2020 valuation was the sixth 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 £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030 reducing linearly by 0.1% p.a. to a long term difference from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed Interest gilt yield curve plus: Pre-retirement : 2.75% p.a. Post retirement : 1.00% p.a.

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

**Notes to the financial statements**  
**For the year ended 31 March 2022**

**Charity number: SC009206**  
**Company number: SC009292**

**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 2020 actuarial valuation. The mortality assumptions used in these figures are:

2020 valuation mortality base table	101% of S2PMA "light") for males and 95% of S3PFA for females
Future improvements to mortality:	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5%p.a. 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:

	<b>2022</b>	<b>2021</b>
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2022 and 2021.

	<b>2022</b>	<b>2021</b>
Discount rate	3.31%	2.00%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.60%	2.60%

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 2022 amounted to £2,913k (2021 - £1,439k) and the current agreed Recovery Plan end date has been amended to 30 April 2038.

The total amount charged to the Statement of Financial Activities is £1,474k (2021 - £177k credit) of which £1,446k (2021 - £219k credit) is disclosed for the charity and the group as other recognised gains and losses. A further £28k (2021 - £42k) of pension costs and interest is charged against expenditure on charitable activities.



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

**Notes to the financial statements  
For the year ended 31 March 2022**

**Charity number: SC009206  
Company number: SC009292**

**22 Financial instruments**

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>	<b>Charity 2022 £000</b>	<b>Charity 2021 £000</b>
<b><i>Carrying amount of financial assets</i></b>				
Measured at amortised cost	523	958	1,071	1,772
<b><i>Carrying amount of financial liabilities</i></b>				
Measured at amortised cost	1,022	1,309	1,006	1,483

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 2022, income of £1,395,609 (2021 - £1,972,475) was received from UHI in relation to higher education activities and payments of £26,507 (2021 - £33,162) were made to UHI. Amounts due from UHI at 31 March 2022 were £132,867 (2021 - £117,153) and amounts due to UHI were £374 (2021 - £nil).