



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 2022

Registered number: SC009292
Scottish charity number: SC009206

The Scottish Association for Marine Science

Contents

	Page
Company information	3
Board report (incorporating the strategic report)	4 - 15
Directors' report	16 - 17
Statement of Board's responsibilities for the year ended 31 March 2022	18
Independent auditor's report	19 - 23
Group statement of financial activities	24
Charity statement of financial activities	25
Group balance sheet	26
Charity balance sheet	27
Group and charity statement of cash flows	28
Notes to the financial statements	29 - 49

The Scottish Association for Marine Science

Company information

Trustees	Hazel Allen	Trustee and Chair of Finance Committee, resigned 3 December 2021	
	Professor John Baxter	Trustee	
	Professor Colin Brownlee	Trustee and Chair of the Research, Enterprise & Innovation Committee	
	Lisa Chilton	Trustee	
	Mr Ian Dunn	Trustee and deputy Chair March	
	John MacKerron	Trustee, Chair of Audit Committee, appointed interim Chair of Finance Committee 3 December 2021, resigned 31 July 2022	
	Dr Deborah McNeill	Trustee, appointed Chair of Education Committee in March 2021	
	Professor Colin Moffat	Trustee appointed 3 December 2021	
	Diana Murray	Trustee & Chair	
	Dr Magnus Nicolson	Chair of SAMS Enterprise Board, Trustee	
Audit Committee	Professor Richard Waites	Trustee appointed 3 December 2021	
	Susan Watts	Trustee	
	John MacKerron	Chair of Audit Committee, resigned 31 July 2022	
	Dr C Philips	Acting Chair	
Secretary	Professor B Ferrier		
	Ann Mackenzie, appointed 11 January 2022		
	Axel Miller, resigned 11 January 2022		
Auditor	Saffery Champness LLP	Bankers	Bank of Scotland
	Kintail House		
Registered Office	Beechwood Park	Charity Number	SC009206
	Inverness		
	IV2 3BW		
Registered Office	SAMS	Charity Number	SC009206
	Dunbeg		
	Oban		
	PA37 1QA		

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

Board report (incorporating the strategic report)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

The SAMS Board, the members of which are also Directors of the Charity for the purposes of the Companies Act, for The Scottish Association for Marine Science (SAMS), present their report and the group financial statements for the year ended 31 March 2022.

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 Applied Marine Services Enterprise Services Limited and SAMS Limited. The registered office of SAMS Applied Marine Services Enterprise Services Limited 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 Applied Marine Science Enterprise Ltd (hereafter referred to as SAMS Enterprise) 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 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.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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.

SAMS was largely open throughout April 2021 – March 2022 with staff who had previously worked from home gradually returning to the SAMS site. We maintained a Covid Testing station throughout the period. The SAMS COVID Incident Management Team (IMT) comprising the heads of all departments, associate directors, and others continued to meet weekly under the chairmanship of the Deputy Director (vice – Director) throughout the period. A weekly update was circulated to all staff following the IMT meetings. Despite the gradual return to the office many staff worked from their home offices. This continued to require a significant uplift in the support of the IT team which has been outstanding.

SAMS reliance on the Government Furlough Scheme tapered during the year and had ceased by 30 September 2021.

A notable and long-serving former member of staff, Dr John Gordon OBE died in May 2021.

Over the reporting year SAMS worked on 158 research and commercial projects, resulting in 105 peer-reviewed publications in high-quality ISI journals.

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.

SAMS took the important decision to appoint a Head of Development, Julie Platt. This represents an important new strategic direction to strengthen the organisation’s long term financial sustainability.

SAMS hosted independent visits from the UHI Principal and Vice-Chancellor, Professor Todd Walker and Chair of UHI Court Alastair MacColl.

Professor Mike Burrows was listed as the World’s 180th most influential climate scientist, according to a Reuters ‘hotlist’ of 1000 researchers.

SAMS Enterprise retained its BSI ISO 9001:2015 International standard with no non-conformances.

The student Wind and Wave Club based at SAMS, won the best club award for the third consecutive time from HISA (Highlands & Islands Student Association).

SAMS Enterprise won the Ocean Winds award for excellence in marine innovation and growing the Blue Economy from the Scottish Council for Development and Industry (SCDI).

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

Public engagement

The reporting year was impacted by the Covid-19 pandemic lockdown, with staff working mostly from home and visits, meetings and events hosted online. When restrictions began to ease, planning began for two significant in-person launch events for The Seaweed Academy and CCAP-ARIES, with 200 delegates each in April 2022. The Seaweed Academy also organised a seaweed day for 200 local primary school children as the first major outreach event since the start of the pandemic.

SAMS' Ocean Explorer Centre experienced a post-Covid boom in visitor numbers since re-opening on July 5th, 2021. The centre, usually attracting c 5,000 visitors over 12 months, had 1,872 visitors in the first six weeks. The 1,598 visitors in September and October were an 89% increase on 2019. July saw the opening of the new and instantly popular Beach Café, leased from SAMS by Argyll and Bute Council.

Our ocean literacy activities were substantially boosted thanks to Seaweed Academy project funding. We employed an experienced teacher as an engagement officer to start developing the Ocean Explorer Learning platform. This digital marine science resource is aimed specifically at educators covering 13 years from pre-school to senior high school with special sections for home educators and out-of-school clubs. Initial resources all relate to primary producers but cover the entire spectrum of school subjects for holistic learning.

In June we held the 2021 Newth lecture. The first ever virtual membership event, it attracted a record 143 attendees including from Dubai, Australia, India and Puerto Rico. The lecture explored the role of Scotland in the UN Decade of Ocean Science for Sustainable Development and was chaired by SAMS trustee Susan Watts. It featured contributions from and a panel discussion with Prof Dr Martin Visbeck (GEOMAR), Dr Hannah Grist (SAMS), Prof David Paterson (MASTS), Susan Davies (Scottish Seabird Centre) and SNP President Michael Russell. It can be viewed on the SAMS YouTube channel.

We also developed a new membership event to encourage collaborations between science and the arts. The Wild Sci-Art Seminar will be an annual event, named after Challenger Expedition artist John James Wild. The first seminar focused on algae in art and was co-organised with CCAP. Another virtual event it attracted 350 subscribers, most of them new audiences and is also available online.

Many staff were engaged with COP26 hosted in Glasgow: We published a special COP26 issue of our Ocean Explorer magazine; SAMS scientists co-organised, chaired and delivered key talks at a special event in the Cryosphere pavilion entitled 'Into the dark: Will the Arctic warm or cool'; science teams contributed to a climate science showcase at Dynamic Earth, iAtlantic's 'An evening dip into the deep ocean', and a 'tracking ocean climate change and impact' Met Office event while two staff spoke at side events. Our technology featured in the virtual Scotland's Climate Ambition Expo while physical oceanographer Dr Max Holloway was a MASTS observer in the blue zone.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

SAMS hosted and co-organised the very successful and enjoyable first Scottish Mock Arctic Council youth diplomacy training weekend for undergraduate students from across the UK and further afield. We even had the EU's former Arctic ambassador as a Vice-chair!

Social media was an important communication tool during the pandemic, although there was limited access to 'content' given the reduction in fieldwork and staff working from home for much of the year. The communications team also launched a new TikTok channel aimed at a school-age audience, primarily to aid ocean literacy and student recruitment, and four staff members attended training on this platform. All platforms have been growing moderately:

- Twitter (@ScotMarineInst): 12,112 (2020/21: 11,200) (scientists, decision makers)
- Facebook (SAMS.Marine): 7,393 (2020/21: 6,780) (staff, students, alumni, families, friends and locals)
- LinkedIn (scottish-association-for-marine-science): 8,628 (2020/21: 7,000) (business and recruitment)
- Instagram (samsmarinescience): 1,994 (2020/21: 1,460) (students and young people)
- YouTube (SAMSmarinescience): 700 (2020/21 – 530 subscribers)
- TikTok (@samsmarinescience): 148

We produced an average of three news releases/stories per month, a slightly higher rate than in previous years and achieved 718 media mentions. This is more than 200 on the previous year but reflects the higher output and the adoption of a media monitoring system during the reporting year.

Highlights included: a BBC Reporting Scotland broadcast piece on ocean circulation/gliders; feature on BBC2's Great Coastal Railway Journeys with Michael Portillo; Sky News on seaweed and climate change.

Our filmmaker produced 40 short films bringing our research to life and demonstrating our education and enterprise competencies.

SAMS maintains four corporate websites, as well as numerous project websites. The SAMS website (www.sams.ac.uk) had 76,816 users during the reporting year, more than 10,000 higher than the previous year, resulting in 116,972 sessions and 232,457 page views. The CCAP website had 16,017 users, resulting in 24,446 sessions and 43,789 page views. The SAMS Enterprise website (www.sams-enterprise.com) had a similar number of users on the previous year (around 5,800), resulting in 8,521 sessions and 15,803 page views, both metrics up on the previous year. The Ocean Explorer Centre website was much more popular in this year after the centre re-opened, with 8,808 users and more than 10,000 sessions.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

Financial review

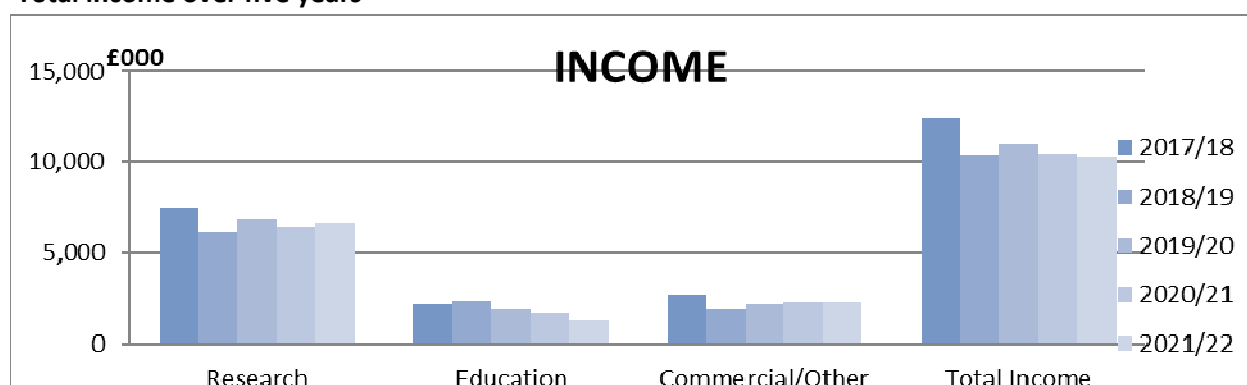
The SAMS Group made a deficit of £1,924k in 2021/22 (2020/21: surplus £259k). This outturn included an increase in the provision to its Universities Superannuation Scheme (USS) liability of £1,474K (2020/21 £219k).

Excluding the movements in pension provision recognised as Other gains and losses, the organisation made an overall deficit from operations of £478k (2020/21 - surplus of £40k).

The Group benefited from the positive contribution from the subsidiary company SAMS Enterprise of £377k (2020/21 £113k). The subsidiary continued to make good progress, complementing the Science activities carried out across the group. SAMS Limited also contributed a net surplus of £151k (2020/21 £91k).

Cash flows across the Group amounted to a decrease of £1,145k (2020/21: increase £2,345k).

Total income over five years



Research grants and contracts

	2017/18	2018/19	2019/20	2020/21	2021/22
Research Income					
	£000	£000	£000	£000	£000
NERC (including National Capability)	2,882	2,738	3,151	3,544	3,151
EU	1,237	982	1,525	1,036	708
Other	2,271	1,257	1,128	837	1,798
REG	1,146	1,143	1,066	1,015	1,015
Total Research Income	7,536	6,120	6,870	6,432	6,672

Overall, the income generated from research grants and contracts came in at £6,672k which was a 4% increase against research income in 2020/21.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

UKRI Income of £3,151k was 47% of the total income generated from research. SAMS continued to benefit from UKRI and SFC additional Covid funding in 2021/22 of £550k (£650k in 2020/21) which was set up to sustain 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.

The income of £708k from the EU Horizon 2020 and ERDF calls showed a decrease of 32%. The decrease in income reflects delays in the transition between the end of Horizon 2020 and the commencement of Horizon Europe, plus the continued postponement of signing the agreement allowing the UK to participate in the programme as an Associate Partner. Horizon 2020 programme. UKRI has set up a guarantee fund to allow funding for successful project in the EU Horizon call to be administered through Innovate UK in the short term. Future announcements will confirm details of plans if the UK is not recognised as an associate partner, which will be part of the longer-term funding strategy.

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 European partner programmes. The income generated showed a 115% increase at £1,798k. The increase came through additional Covid funding from the Scottish Funding Council, the UK Government Community Renewal Fund and innovate schemes with Scottish funders. Other Income declined in 2020/21 as a result of the restrictions imposed by the pandemic and has shown strong growth in 2021/22. The Research Excellence Grant (REG) was level compared to 2020/21, with income of £1,015k. 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 13% (2021 - 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 and retention has been impacted by Brexit, with a decrease in the total undergraduate student population to 96 for the academic year 2021/22 (2020/21 - 116) income generated in the year was £620k (2020/21 - £669k).

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 stable with 34 students at March 2022 (March 2021 - 34) with an income of £531k (2020/21 - £612k).

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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 sixth year of funded studentships. SAMS no longer co-ordinates the course but continues as a partner. Total income in the year from ACES was £69k (2020/21 - £106k). SAMS offers a research Masters programme “MRes in Algal Biotechnology, Biology and Ecology and has recently received approval for a MSc programme in “Algal Biotechnology and Bioeconomy”

COVID-19 continued to impact our ability to offer facilities for field courses in 2021/22.

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, operating as SAMS Enterprise, is the wholly owned commercial subsidiary of SAMS. SAMS Enterprise delivers specialist marine environmental consultancy, drawing on the scientific expertise within SAMS, and produces environmental software and monitoring equipment to support research and industry.

Financial year 2021/22 has continued to be an exceedingly challenging period for the business. However, despite the ongoing global COVID-19 pandemic, the business has remained effective and profitable. A turnover of £1.61 million was achieved, up from £1.32 million in 2020/21. While this was less than the original budget figure of £1.75m, the turnout did exceed the revised budget of £1.45m. For financial year 2022/23 an ambitious stretch target of £2.1m has been set by the Board.

For financial year 2021/22 Enterprise delivered a Net Profit of £377k (2020/21 - £133k). There was a contribution of £401K to SAMS Research staff time (which includes 30% overhead of £93k). In addition, Enterprise staff delivered £144k of staff time to support SAMS’ science and education. The Enterprise team generated a further £722k of income for SAMS Research which, due to the requirements of the funding bodies, is invoiced via SAMS rather than Enterprise.

The overall value in financial contribution from Enterprise to SAMS for FY 2021/22 is therefore £1.65m. In the current economic climate this is a significant achievement by the Enterprise team, working in partnership with Research colleagues, to deliver quality consultancy, contract research and services to very tight deadlines while retaining profitability.

The business model evolved through the year to maintain sustainable development and growth of the team and business areas while supporting the core consultancy deliverables. The viability of product and research areas was critically assessed and revised to deliver focus on areas of optimum opportunity and growth. As a result, Marine Growth (3D Photogrammetry and Artificial Intelligence) has reverted to Research while development of SIMBA (Snow Ice Mass Balance Apparatus) has accelerated with support from HIE/Co-Innovate funding.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

During the year the Enterprise team progressed the concept of The Seaweed Academy, the UK's first dedicated seaweed industry training and development facility, from kernel of an idea to a full-blown project funded by £400k to SAMS from the UK Government Community Renewal Fund. On conclusion of the funding The Seaweed Academy will be operated by Enterprise to deliver commercial training courses, consultancy and industry development activity. This will support further development of the seaweed nursery business and new consultancy opportunities.

SAMS Enterprise retained its ISO 9001 and ISO17025 accreditation, both of which are valued by our clients.

There is no doubt that the ongoing COVID-19 pandemic was detrimental to business growth throughout the year. Nevertheless, areas of potential growth have been identified and staff resource allocated to enable best endeavours to achieve the budget in the year ahead. Science and business areas with potential single points of failure or other lack of capacity are under review with the aim of mitigating the level of risk. A level of pragmatism and realism will be required as the business adapts to changing market conditions and new opportunities as the world emerges from lockdown.

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 2022 we claimed £30k (31 March 2021 - £424k) with 20 (31 March 2021 - 87) people in and out of furlough over the reporting period.

Staff costs

Total staff costs for the year amount to £6,824k (2020/21 £6,917). This represents the highest proportion of expenditure, accounting for 66% (2020/21 - 67%) of operational income. It was largely driven by under-budgeted income performance but was also impacted by relatively high levels of COVID sickness absence and carry forward of holiday entitlement. The 1.3% decrease in staff costs over the year reflects a relatively high staff turnover.

Further changes relating to the level of the USS pension scheme deficit and the longer-term prognosis resulted in higher employer contributions for SAMS by 0.3% from 01/10/21. Such additional cost pressures, and the potential impacts on SAMS liquidity, are being closely monitored.

ISO Accreditation

Following an on-site audit, our Safety, Health and Environment Advisor (Mr Chris Clay) led a successful audit through Lloyds Registry for our ISO14001 (Environment) and ISO45001 (Health & Safety) accreditation. In addition, the CCAP quality team (led by Dr Mark Hart) were successful in a remote audit of our ISO9001 (Management) accreditation.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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).

- New instrumentation to support our science activities: (i) environmental nutrients analyser; HPLC analyse for pigments and metabolites; laminar flow workstation.
- Research aquarium upgrades, including (i) new controlled temperature experimental suite; (ii) compresso system; and (iii) flooring refurbishment.
- Replacement of mechanical and electrical engineering estates infrastructure: (i) heating & ventilatio upgrade; (ii) refrigeration systems upgrade; (iii) window control system; (iv) central heating system essential maintenance; (v) provision of electric car charging points; and (vi) replacement of security-risk doors & windows.

With continuing match-funding from Highlands and Islands Enterprise - a key strategic SAMS stakeholder - we completed Phase II of the restructuring and refurbishment of the SAMS Seaweed Nursery.

A large grant (£512k) from the UKRI's Natural Environment Research Council (NERC) to CCAP led to the creation of ARIES – our Algal Research, Innovation and Environmental Science centre.

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 Enterprise 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.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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 new activity within the period was 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 recruited a new senior position – Head of Development – to lead this work. This is 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: (i) the chronic macro-economic challenges following Brexit and the COVID pandemic; and (ii) the acute, still-developing ‘cost of living crisis’, bringing inflationary pressures on salaries and infrastructure costs. Policy decisions underpinning UK and Scottish government approaches to economic rebalancing and recovery will be critical over the next reporting period. 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.
- Risk of not achieving income targets from commercial activities in a highly competitive environment, subject to economic recession.
- SAMS has an established risk management approach:
 - SAMS risk registers are driven by Executive Group and maintained by our Compliance Manager. 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.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
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Principal risks and uncertainties (continued)

- 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
 - continued 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 2 months of the salary bill, amounting to approximately £1,168k (2020/21 - £1,253k), in order to provide adequate working capital levels for the continued operation and completion of existing projects.

The total funds held by The SAMS Group at the year-end amount to £11,247k (2021 - £13,171k). This consists of unrestricted funds in surplus of £9,449k (2021 - surplus £11,654k), and restricted funds of £1,798k (2021 - £1,517k).

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 £527k (2020/21 - £767k liabilities) 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.

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

Board report (incorporating the strategic report) (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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.

.....
Diana Murray - Chair

.....
, Trustee

Date:

Date:

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

Directors report
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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 Trustees. A new Trustee is nominated and seconded at the AGM. However, in line with SAMS' policy of openness and transparency, potential Trustees must first be interviewed by a panel chaired by the SAMS Chair prior to final selection and appointment.

New Trustees attend a briefing meeting with the SAMS Director or Deputy Director 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 & Innovation, Communication & Development and Education. In addition, there is a separate Board for SAMS Enterprise. The SAMS Board, the SAMS Enterprise 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.

In addition to Board members, the Company Secretary, 2 staff members and a HISA student representative are invited to observe at most Board meetings.

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 Science and Education
Mr Mike Spain	Head of Enterprise
Ms Sue Johnson	Head of HR
Prof Axel E J Miller	Deputy Director
Prof Nicholas J P Owens	Director
Prof Michele Stanley	Associate Director for Science, Enterprise and Innovation
Ms Patricia McGill	Head of Finance until 28 April 2021
Mr Donald Smith	Interim Head of Finance from 26 April 2021 to 22 October 2021
Mr Graham Little	Head of Financial Services from 11 October 2021 to 27 May 2022
Prof Ben Wilson	Associate Director for Science and Research

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

Directors report (continued)
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

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

The auditor, Saffery Champness LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Board report, incorporating the strategic report is approved.

.....
Diana Murray - Chair

.....
, Trustee

Date:

Date:

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

Statement of Board's responsibilities
For the year ended 31 March 2022

Charity number: SC009206
Company number: SC009292

The Trustees (who are directors for the purposes of company law) are responsible for preparing the Board 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).

The law applicable to charities in Scotland requires the Trustees 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 the group and of its incoming resources and application of resources of the charitable company and the group for that period. In preparing these financial statements, the Trustees are required to:

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

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

The Trustees 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.

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

Charity number: SC009206
Company number: SC009292

Independent auditor's report

To the members and trustees of The Scottish Association for Marine Science

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 2022 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 2022 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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

Charity number: SC009206
Company number: SC009292

Independent auditor's report (continued)

To the members and trustees of The Scottish Association for Marine Science

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 Board Report which includes the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board Report which includes the Strategic Report and the Directors' 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 Board Report and Directors' 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.

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

Charity number: SC009206

Independent auditor's report (continued)

Company number: SC009292

To the members and trustees of The Scottish Association for Marine Science

Responsibilities of trustees

As explained more fully in the Statement of Board's Responsibilities set out on page 18, 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.

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

Charity number: SC009206

Independent auditor's report (continued)

Company number: SC009292

To the members and trustees of The Scottish Association for Marine Science

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.

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

Charity number: SC009206

Independent auditor's report (continued)

Company number: SC009292

To the members and trustees of The Scottish Association for Marine Science

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.

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.

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

Chartered Accountants
Statutory Auditors

.....
 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 2022

Charity number: SC009206
Company number: SC009292

	Note	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
Income from:					
Other trading activities	3a	1,875	-	1,875	2,077
Charitable activities	3c	1,921	6,487	8,408	8,273
Total income		3,796	6,487	10,283	10,350
Expenditure on:					
Raising funds	4a	22	-	22	7
Charitable activities	5a	4,533	6,206	10,739	10,303
Total expenditure		4,555	6,206	10,761	10,310
Net (expenditure)/income		(759)	281	(478)	40
Other recognised gains/(losses):					
Pension surplus/(deficit)	21	(1,446)	-	(1,446)	219
Net movement in funds		(2,205)	281	(1,924)	259
Reconciliation of funds:					
Total funds brought forward		11,654	1,517	13,171	12,912
Total funds carried forward		9,449	1,798	11,247	13,171

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 2022

Charity number: SC009206

Company number: SC009292

	Note	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
Income from:					
Other trading activities	3a	292	-	292	832
Investments	3b	177	-	177	165
Charitable activities	3d	2,425	6,487	8,912	8,895
Other income		3	-	3	-
Total income		2,897	6,487	9,384	9,892
Expenditure on:					
Raising funds	4b	12	-	12	5
Charitable activities	5b	3,994	6,206	10,200	9,906
Total expenditure		4,006	6,206	10,212	9,911
Net (expenditure)/income		(1,109)	281	(828)	(19)
Other recognised gains/(losses):					
Pension surplus/(deficit)	21	(1,446)	-	(1,446)	219
Net movement in funds		(2,555)	281	(2,274)	200
Reconciliation of funds:					
Total funds brought forward		11,301	1,517	12,818	12,618
Total funds carried forward		8,746	1,798	10,544	12,818

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 2022

Charity number: SC009206
Company number: SC009292

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

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

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

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)

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

Charity number: SC009206
Company number: SC009292

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

	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
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
	1,921	6,487	8,408	8,273

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:

	2022	2021
	£000	£000
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
	7,505	7,702

3d Income from charitable activities (charity)

	Unrestricted	Restricted	2022	2021
	funds	funds	total	total
	£000	£000	£000	£000
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
	2,425	6,487	8,912	8,895

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:

	2022	2021
	£000	£000
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
	7,487	7,665

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)

	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
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)

	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
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)

	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
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
	4,533	6,206	10,739	10,303

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)

	Unrestricted funds £000	Restricted funds £000	2022 total £000	2021 total £000
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
	3,994	6,206	10,200	9,906

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

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
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:

		2022 £000	2021 £000
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
		6	8

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:

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Key management personnel	1,041	859	1,041	859

There are no additional related party transactions to be disclosed.

8 Analysis of staff costs

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

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

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

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:

	2022	2021
	Number	Number
£60,000 - £69,999	3	4
£70,000 - £79,999	2	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.

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

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
<i>Activities in furtherance of charitable activities</i>				
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
	6,803	6,912	6,686	6,837
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	10,762	10,310	10,213	9,911
<i>Support costs</i>				
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	1,619	1,307	1,295	1,096

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
Cost					
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
Depreciation					
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
Net book value					
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
Cost					
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
Depreciation					
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
Net book value					
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	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Subsidiaries	-	-	39	39
Other fixed asset investment	-	-	-	-
	-	-	39	39

Other fixed asset investment (group)

	2022	2021
	£000	£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 (<i>formerly SAMS Research Services Limited</i>) (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	2021	2022	2021
	£000	£000	£000	£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	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£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

13 Creditors: amounts falling due within one year

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£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

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

Analysis of payments received in advance:

	Brought forward	Released during the year	Deferred this year	Carried forward
	£000	£000	£000	£000
Group				
2022	6,017	(5,785)	4,087	4,319
2021	4,652	(3,662)	5,027	6,017
Charity				
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

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loan (note 15)	120	97	120	50

15 Loans and overdrafts

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
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

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
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:

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£000	£000	£000	£000
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

	At 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2022 £000
Group					
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>
Charity					
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>
	At 1 April 2020 £000	Income £000	Expenditure £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>

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

	Unrestricted funds £	Restricted funds £	Total £
<i>Group (2022)</i>			
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>
<i>Group (2021)</i>			
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>
<i>Charity (2022)</i>			
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>
<i>Charity (2021)</i>			
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

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
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

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:

	2022	2021
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.

	2022	2021
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

	Group 2022 £000	Group 2021 £000	Charity 2022 £000	Charity 2021 £000
<i>Carrying amount of financial assets</i>				
Measured at amortised cost	523	958	1,071	1,772
<i>Carrying amount of financial liabilities</i>				
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).