



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

**Directors' report and group financial statements  
for the year ended 31 March 2023**

**Registered number: SC009292**

**Scottish Charity number: SC009206**

## **The Scottish Association for Marine Science**

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## The Scottish Association for Marine Science – March 2023

### Company information

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#### Directors

	Professor John Baxter	Trustee appointed December 2018
	Professor Colin Brownlee	Trustee and Chair of the Research, Enterprise & Innovation Committee appointed December 2018.
	Lisa Chilton	Trustee and Chair of Development Committee appointed December 2018
	Adam Christie	Trustee appointed 16 June 2023. Appointed Chair of the Enterprise Board from 1 December 2023
	I D Dunn	Trustee, appointed November 2016, appointed acting Chair December 2018 until March 2019, appointed deputy Chair March 2019, completed tenure December 2022 but then joined the SAMS Audit Committee January 2023
	Joanne Hannah	Co-opted to SAMS Board 10 May 2022, appointed as Audit Chair on 17 June 2022, appointed as Trustee at AGM 2 December 2022, stepped down 13 January 2023
	Eric Hollanders	Appointed Chair of Finance Committee and Co-opted to SAMS Board 9 June 2022, appointed Trustee on 2 December 2022
	Dr Ian Jardine	Trustee and Chair of Audit Committee, appointed 16 June 2023
	John MacKerron	Trustee and Chair of Audit Committee appointed December 2019, appointed interim Chair of Finance Committee December 2021. Completed tenure on 31 July 2022.
	Dr Deborah McNeill	Trustee appointed December 2018, appointed Chair of Education Committee in March 2021
	Professor Colin Moffat	Trustee appointed December 2021 and Trustee with responsibility for Health & Safety
	Diana Murray CBE	Trustee & Chair appointed March 2019
	Dr Magnus Nicolson	Chair of SAMS Enterprise Board - stepped down September 2022. Trustee appointed December 2019.
	Jason Peers	Co-opted to SAMS Board 10 May 2022, appointed as Trustee at AGM 2 December 2022, stepped down 20 January 2023
	Professor Richard Waites	Trustee appointed December 2021
	Dr Douglas Wallace	Trustee appointed 16 June 2023
	Susan Watts	Trustee appointed December 2018, Deputy Chair, Chair of the Communications and Engagement Committee and Whistleblowing Contact
	Alun Williams	Trustee appointed 16 June 2023
<b>Audit Committee</b>	John MacKerron	Chair of Audit Committee appointed 1 August 2019, stepped down 31 July 2022
	Joanne Hannah	Chair of Audit Committee appointed 17 June 2022, stepped down 13 January 2023
	Dr C Phillips	Appointed March 2016 and acting Chair from March 2019, stepped down from Chair 1 August 2019, stepped down from Audit Committee on 9 June 2022
	Professor B Ferrier	Appointed 16 November 2016, stepped down December 2022
	Dr Ian Jardine	Appointed Chair of Audit Committee 16 June 2023
	Professor M George	Appointed to Audit Committee 27 January 2023
	Dr M Coughtrie	Appointed to Audit Committee 27 January 2023

## **The Scottish Association for Marine Science – March 2023**

### **Company information**

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**Secretary** Ann MacKenzie from January 2022

**Auditor** Saffery LLP  
Kintail House  
Beechwood Park  
Inverness  
IV2 3BW

**Bankers** Bank of Scotland  
Station Road  
Oban  
PA34 4LL

**Registered Office** SAMS  
Dunbeg  
Argyll  
PA37 1QA

**Charity Number** SC009206

**Company Number** SC009292

## **The Scottish Association for Marine Science – March 2023**

### **Board Report (incorporating the Strategic Report)**

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#### **Objectives and Activities**

- SAMS purpose is to conduct world-leading research to create new knowledge about the seas and oceans: about how they work and 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, global climate change and the loss of biodiversity, in the face of increasing human population and 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 Limited (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 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 2023

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.

The registered office of SAMS Applied Marine Science Enterprise 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 Association for Marine Science, 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 the Scottish Alliance for Geoscience, Environment & Society (SAGES).

## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

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### 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.

Following the Covid-19 outbreak in March 2020, SAMS followed national advice to close the business premises. However, access was restricted to essential technical staff only until April 2022 when most staff returned to work or to take up the hybrid working opportunities offered. During 2022 the remainder of the Covid-19 restrictions, for example wearing of masks and social distancing were removed and the organisation returned to a more normal mode of operation. The SAMS Covid-19 Incident Management Team (under the chairmanship of the Deputy Director) met for the last time on 26 May 2022 following an extensive programme of meetings and discussions dealing with all aspects of the incident.

Staff returning to the office required a significant uplift in support and reassurance as they settled into the new working arrangements.

Over the reporting year SAMS worked on **159 research** and **113** commercial projects, resulting in **119** peer-reviewed publications in high-quality ISI journals. SAMS Enterprise sold **31** SIMBA (Sea Ice Mass Balance Apparatus) units and **24** New DEPOMOD licences (ranging between 5-30 site licence types) and taught **53** individuals through the Seaweed Academy. SAMS sent **1,598** cultures and **295** units of media over **666** orders including **32** sent directly to UK schools as part of collaboration with Darwin Biological and had **55** paying attendees on the online CPD course.

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 until March 2023 and continued as a member of the Scottish Government's Science Advisory Council. In Autumn of 2022 Professor Nick Owens applied for and was also appointed as a member of the Scottish Government's Science Advisory Council. Professor Mike Burrows was listed among the World's most influential climate scientists, according to a Reuters 'hotlist' of 1,000 researchers.

SAMS Development Programme got fully underway with the creation of a Fundraising Plan (2022-25) together with development of fundraising materials for promotional and cultivation purposes. Work began on shifting the internal culture towards a more fundraising-focussed environment with staff attending bitesize "introduction to fundraising" sessions. There was a significant uplift in mailings to micro-small trusts and larger tailored bids to high-value funders with some of these beginning to 'bear fruit'.

SAMS hosted independent visits from Donald Cameron MSP for Highlands and Islands Region, Rhoda Grant, Regional Labour MSP for Highlands and Islands accompanied by Keiron Green, Argyll and Bute Councillor for Oban North and Lorn, Ivan McKee MSP and Minister for Business, Trade, Tourism and Enterprise accompanied by Jenni Minto MSP representing Argyll and Bute. There was also a visit from Dr Iain Williams, Director of Strategic Partnerships at NERC and Leigh Storey who is overseeing the UKRI Net-Zero Oceanographic Capability scoping project. There was also a small party from the UK Government Team responsible for the Community Renewal Fund. Early in 2023 SAMS welcomed Professor Julie Fitzpatrick the Chief Scientific Officer, Jamie Hepburn MSP and Annabel Turpie and Diarmuid O'Neil from Marine Scotland Science.

SAMS hosted the official opening of the Seaweed Academy in April 2022. This comprised 3 days of activities including a STEM outreach day for local schoolchildren, a series of boat trips out to the seaweed farm, a full day of speakers from across the academic and industrial sector and a pilot course with a range of invited guests from the Argyll and Bute area. This was a significantly important and hugely successful event for SAMS. SAMS also launched a new UKRI-NERC funded Algal Research Innovation and Environment Science (ARIES) Centre. The centre provides the capability to bridge the gap between laboratory and industrial scale biotechnology applications.

## **The Scottish Association for Marine Science – March 2023**

### **Strategic Report (continued)**

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SAMS commitment to gender equality was recognised with an Athena Swan (Scientific Woman's Academic Network) Bronze Award in February 2023. Dr Georgina Robinson won WiSA (Women in Scottish Aquaculture) Innovation Research Champion in 2022 and Professor Elizabeth Cottier-Cook was presented with WiSA's Outstanding Contribution award in recognition of her teaching in aquaculture and her research contribution to the global seaweed industry.

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

SAMS retained the two international accreditations ISO14001 (the Environmental Standard) and ISO 45001 (The Health & Safety Standard).

During the year face-to-face teaching of undergraduate students resumed. Six PhD students completed their studies with successful viva voce examinations. SAMS received 100% overall satisfaction in the National Student Survey. A successful bid to continue the ACES Masters Programme was received, and validation of a new MSc in Algal Biotechnology and Bioeconomy was successful.

## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

#### Communications & Engagement







SAMS launched its own registered Ocean Explorer tartan with an event during the Oban Winter Festival 2022. The tartan, designed by Jessica Giannotti of textile company Crùbag with Dr Anuschka Miller of SAMS, celebrates the beauty of the marine environment and the important historical and ongoing discoveries made by marine scientists in Scotland. The Director of SAMS was the first to wear a kilt in the new 'Clan SAMS' tartan. While owned by SAMS, the tartan may be worn by anyone who identifies as an ocean explorer and a friend of SAMS. The launch event also celebrated Crùbag's new climate change collection, with individual designs inspired by SAMS researchers including Prof Michael Burrows, Prof Stuart Cunningham, Prof Finlo Cottier and Dr Callum Whyte.

The reporting year saw the resurrection of in person events with the launch of the Seaweed Academy and the CCAP-Algae Research, Innovation and Environmental Science Centre; the first post-Covid-19 graduation; the first hybrid research seminar series; and the annual Newth lecture on Sir John Murray by Professor Nicholas Owens. Our Culture Collection of Algae and Protozoa represented UHI research at a Universities Scotland parliamentary reception.

For the first time in our history, SAMS hosted a poet-in-residence. Bristol based poet Dr Suzannah V Evans spent five weeks at SAMS, immersing herself in the landscape, culture and research. She was particularly interested in cetacean acoustics and the research by Dr Denise Risch and Prof Ben Wilson. She produced a range of poems, delivered two poetry readings at SAMS and one in Oban and two writing workshops. We also started a collaboration with UHI lecturer and writer Mandy Haggith, who launched her latest poetry collection 'Briny' at the Ocean Explorer Centre.

We produced 46 **news releases** during the reporting year and achieved at least 709 media mentions with stories in the press and online, on radio and TV including BBC, the Guardian, STV, The Independent, Mail Online, The Scotsman, The National, Yahoo News, HuffPost, CNBC (USA), NBC (USA), ABP Network (India), The Straits Times (Singapore), 9 News (Australia) and Radio New Zealand. The story reaching the largest audience concerned Professor Mike Burrows' research for WWF-UK, The Wildlife Trusts and RSPB mapping the blue carbon potential of UK waters that reached over 198 million readers. Several stories about our cetacean research also reached audiences of over 100 million. We also delivered an issue of the Ocean Explorer magazine and produced the Annual Report for the previous year.

**Social media** remains an important tool to deliver key messages and signpost followers to documents or other resources about our activities. We target stakeholder groups on different channels and content and tone therefore vary significantly across platforms without ever being contradictory.

Twitter (now X) for academics, funders and policy makers: 12,801 (2021/22: 12,112)  5.7%  
 LinkedIn for industry and staff recruitment: 10,761(2021/22: 8,628)  24.7%  
 Facebook for local community, alumni and friends: 7,819 (2021/22: 7,393)  5.8%  
 Instagram for general public, student recruitment and tourists: 2,582 (2021/22: 1,994)  29.5%  
 YouTube for general audiences: 880 (2021/22: 700)  25.7%  
 TikTok for young people: 595 (2021/22: 148)  302%

Our visitor and outreach facility, the **Ocean Explorer Centre**, attracted at least 5,193 dedicated visitors, excluding the local repeat visitors and regulars to the Beach Café that Argyll and Bute Council operate. Additionally, we engaged 748 people in workshops, ranging from nursery children and school pupils to adult community groups. The main topics were related to the Seaweed Academy project and the associated #AllAboutAlgae campaign and to the Marine Protected Area Management and Monitoring project championing protected species and habitats in Scotland, Northern Ireland and the Republic of Ireland. Thanks to funding from UHI from ScotWind, SAMS could employ its first dedicated, part-time outreach officer, joining a group of another seven part-time and two full-time colleagues at other academic partners working to promote careers in science, technology, engineering and maths (STEM). This will substantially increase the amount of outreach SAMS will be able to deliver.



## **The Scottish Association for Marine Science – March 2023**

### **Strategic Report (continued)**

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Finally, our engagement team supported 'Our Isles and Oceans' (OIO), a charity that allows disadvantaged young adults who struggle with mental health to experience the ocean and teamwork through sailing and marine science outreach. OIO is affiliated with the Clipper Round the World Sailing Race, whose founder, sailing legend Sir Robin Knox-Johnston, visited SAMS as part of the first cohort arriving in Oban. We worked with OIO in the summers of 2021 and 2022 and hope to meet some of the young ambassadors again when the Clipper Race will for the first time pull into Oban as one of its 13 host ports in July 2024, on its Atlantic Homecoming Leg straight from Washington DC.

## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

## Financial Review

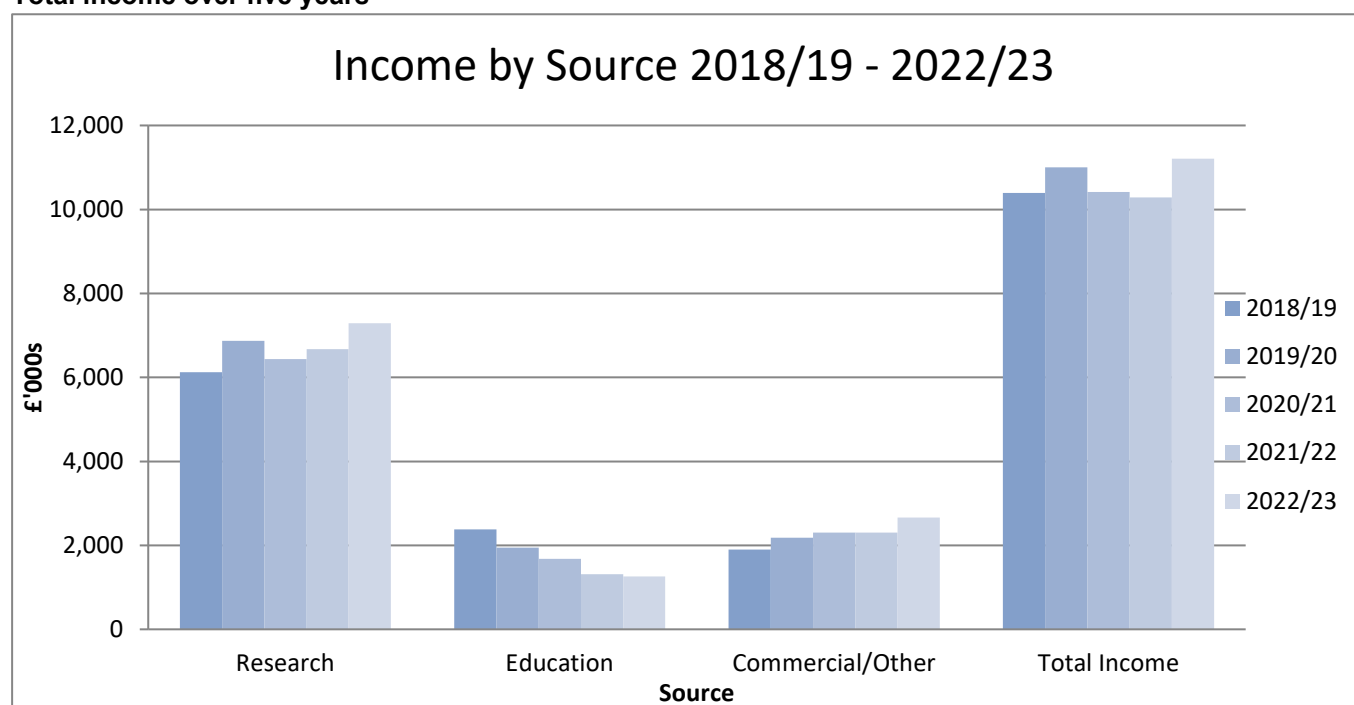
The SAMS Group made a deficit of £340k in 2022/23 (2021/22 deficit £1,924k). This outturn included a reduction in the provision to its Universities Superannuation Scheme (USS) liability of £294k (2021/22 increase of £1,446k).

Excluding the movements in pension provision recognised as other gains and losses, the organisation made an overall deficit from operations of £634k (2021/22 – deficit of £478k).

The Group benefited from the positive contribution from the subsidiary company SAMS Applied Marine Science Enterprise Limited of £358k (2021/22 £377k). The subsidiary continued to make good progress, complementing the Science activities carried out across the group. SAMS Limited also contributed a net surplus of £111k (2021/22 £151k).

Cash flows across the Group amounted to a decrease of £1,136k (2021/22 decrease of £1,145k).

### Total income over five years



Total income for 2022/23 was £11,204k compared to £10,283k in 2021/22. This is further analysed as follows:

### Research grants and contracts

	2018/19	2019/20	2020/21	2021/22	2022/23
Research Income					
	£,000	£,000	£,000	£,000	£,000
NERC (including National Capability)	2,738	3,151	3,544	3,151	3,462
EU	982	1,525	1,036	708	657
Other	1,257	1,128	837	1,798	2,112
REG	1,143	1,066	1,015	1,016	1,060
Total Research Income	6,120	6,870	6,432	6,673	7,291

## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

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**Overall**, the income generated from research grants and contracts came in at £7,291k. This included a recovery of deferred income from previous years of £529k. The underlying increase was 2% against research income in 2021/22

**UKRI** Income of £3,462k was 47% of the total income generated from research. SAMS research funding increased due to the return to pre-Covid-19 activity levels in fieldwork.

**EU Horizon 2020 & Horizon Europe** The income of £657k from the EU Horizon 2020 and ERDF calls showed a decrease of 7%. 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. UKRI set up a guarantee fund to allow funding for successful projects in the short term. In September 2023, the UK Government announced the UK's association to Horizon Europe, with immediate effect.

**Other Research** Other Research income covers a wide range of funders and includes funding through UK and Scottish Government agencies, a growing relationship with Norwegian funders, Innovation centres in the UK and other European partner programmes. The income generated showed a 17% increase at £2,112k.

The Research Excellence Grant (REG) increased slightly from 2021/22 to £1,060k. 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.

## **The Scottish Association for Marine Science – March 2023**

### **Strategic Report (continued)**

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#### **Education**

Education income accounts for 11% (2021/22- 13%) 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. In recent years recruitment and retention has been impacted by both Brexit and Covid-19, with a decrease in the total undergraduate student population to 81 for the academic year 2022/23 (2021/22 - 96) income generated in the current academic year was £537k (2021/22 - £620k).

PhD income comes from a variety of funders including the NEXUS CDT, the E3 DTP and a variety of individual funders. There were 28 PhD students in March 2023 (34 at March 2022) with an income of £631k (2021/22 - £531k).

The major income stream at Masters level is the Erasmus Mundus Joint Masters Degree in Aquaculture, Environment and Society (ACES-Star) that is now in its 7th year of funded studentships. Total income in the year was £69k (2021/22 - £89k) SAMS also 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” with a first intake expected in September 2023. We also receive some income from hosting field trips for visiting universities.

## **The Scottish Association for Marine Science – March 2023**

### **Strategic Report (continued)**

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#### **Enterprise**

SAMS Applied Marine Science Enterprise Limited, 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 2022/23 brought with it the gradual relaxation from the grip of the Covid-19 pandemic. The business has continued to grow profitably with the team expanding proportionately. An uplift of 23% delivered a turnover of £2,021k, up from £1,639k in 2021/22. While this fell short, at 95.8%, of the Board's target for turnover, the target for profit was exceeded. A budget income for FY2023/24 has been set at £2,100k. For FY2022/23 Enterprise delivered a Net Profit of £358k against a budget of £316k.

In the ongoing challenging 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 team continued to focus on the growth areas of the business while supporting less dynamic areas of activity. In consultancy there has been a significant effort to develop a cohesive, science-led offering to support the offshore wind sector as it moves from fixed to floating structures in deeper water; engagement with the distilling industry has led to activity in intertidal coastal restoration projects; NewDEPOMOD has been even more widely adopted in Chile; and advances in SIMBA capability is opening new areas of research in ice roads and snow pack characterisation.

The Seaweed Academy has flourished into a fully self-sustaining entity, achieving its ambition of delivering training and consultancy to support the growing seaweed farming sector.

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

Pragmatism and realism have enabled the company to adapt to changing market conditions and new opportunities as the world has emerged from lockdown. The business continues to flourish as the effective commercial interface between national and local Government departments and agencies, NGO's and industry and the world leading marine science developed at SAMS.

## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

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#### Effective Management of Resources

The year was defined by two major foci of activity. The first was the post-lockdown transition to on-site working for the majority of staff who had been working from home for over two years. It is a tribute to the diligence and resilience of SAMS staff and students that we recorded no cases of onsite transmission before 'lockdown' was formally released during May 2022. 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. From May, we managed a staggered transition to onsite working for all. In recognition of the 'changed way of work', SAMS formally introduced our *Agile Working Policy*. By the end of the reporting year there were 25 staff regularly working from home, with another 40 colleagues requesting occasional flexibility.

Our second major area of attention, developed alongside the costs of living crisis. In order to deliver against our approved budget, we set a target of £500k savings through a number of measures including granular management of recruitment and contracts and facilities/estates management.

As the demands of Covid-19 management diminished, and in spite of the developing cost of living crisis, attention refocused on some of our pre-pandemic priorities. Across our operations, we were delighted to evaluate that our Scope 1 (direct activities of our business operations) and Scope 2 (caused by our electricity procurement) carbon emissions had reduced by >60% against our 2014 baseline. In early 2023, we reviewed the SAMS Carbon Management Plan: the latest iteration includes targets for Scope 3 emissions (other indirect GHG emissions) and defines the activities required on our 'Journey to Net Zero by 2040'.

On the IT side, we have expended considerable energy bolstering our cyber security. During 2022-23 we invested in cloud-based backups for both our internal systems and our Microsoft 365 tenancy. It was also our first year on the highest level of MS 365 licences (A5), offering the best in 'advanced threat protection' for our users and assets. Finally, following months of intensive preparation as part of the UHI academic partnership, we achieved Cyber-Essentials Plus certification of our collective systems compliance.

We have continued to invest in our people - the future. Our long-term efforts were recognised through the award of the Athena Swan Charter (Bronze). Established in 2005, Athena Swan is a framework which is used across the globe to support and transform gender equality within higher education (HE) and research. We are the first academic partner of UHI to achieve the accolade.

For HR and SHE activities, post-pandemic working patterns required us to focus on staff and student wellbeing. We have provided training and development opportunities *via* our in-house Autumn/Winter bitesize sessions and have supported CPD *via* UHI Learning & Teaching Academy. Specific needs have been targeted by reinvesting the levy allowance that we pay each year to provide certificated programmes to support individual career development pathways – such as line management and leadership.

Finally, to support activities across the organisation, we have consciously offered more student placements, internships, casual and fixed term employability opportunities than ever before. Such high-quality paid opportunities provide our own graduates and others with valuable starting points for young people to explore and develop their career aspirations in marine science.

## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

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#### Staff Costs

Total staff costs for the year amount to £6,998k (2021/22 £6,824k). This represents the highest proportion of expenditure, accounting for 62% (2021/22 - 66%) of operational income. This was mainly due to inflationary impact c.3% offset by tighter controls on staff costs.

The USS pension scheme total contributions from employers required to fund current pension benefits have been forecast to fall from 21.6% of salary to 16.2% from January 2024. This resulted in a net credit of £294k to the overall pension provision.

#### ISO Accreditation

Following an on-site audit, our Safety, Health and Environment Advisor (Mr Chris Clay) led a successful surveillance audit through Lloyds Registry Quality Assurance for our ISO14001 (Environment) and ISO45001 (Health & Safety) accreditation. SAMS Enterprise maintained our certification to ISO17025 (Laboratory Competence) and ISO9001 (Management), whilst CCAP were also successful in retaining ISO9001. Both audits were led by Dr Mark Hart, Quality Manager in the Enterprise team.

#### 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). Key to our investment plan has been an extensive review across the site to capture areas where improvements to building fabric or systems will provide measurable and achievable environmental and sustainability benefits.

- Replacement of our BMS (Buildings Management System) to allow optimal control of all HVAC (Heating, Ventilation, and Air Conditioning) systems.
- HYSPOt Consultancy to create a 'digital twin' of SAMS heating infrastructure and control system. This will allow optimal control of all SAMS' heating systems, reducing fossil fuel use, improving thermal comfort and occupant wellbeing.
- Replacement of fluorescent lighting with energy-saving LED hardware to reduce energy use across the site. [Around 20% of site now transitioned.]
- Provision of electric car charging points to support our transition to an all-electric fleet of vehicles.
- Repurposing of a redundant laboratory to provide additional office space.

Following a successful bid to the UK Government's Communities Renewal Fund in 2021, we were able to invest £400k, over the last two financial years, into the complete refurbishment of existing spaces to create our Seaweed Academy hub – bespoke, energy-efficient work areas to support our training and development.

## **The Scottish Association for Marine Science – March 2023**

### **Strategic Report (continued)**

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#### **Plans for the future period:**

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. We shall encourage our scientists to pursue funding opportunities from non-traditional sources.

##### **Providing Solutions**

Through our commercial arm, SAMS Enterprise we shall provide business solutions across our six targeted markets. We shall also build on a newly adopted staffing policy to enhance the company's financial competitiveness. We shall also focus on technology transfer of SAMS IP into innovative new businesses through spin-out companies.

##### **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 actively promote our new masters programmes through UHI, building upon SAMS science excellence in areas that support both UK and Scottish government plans for economic regeneration and investigate new partnerships for MSc programme development.

##### **Impact and Influence**

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

##### **Efficient Operations**

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

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

A major activity for the forthcoming period will be to continue to establish and develop a significant financial development project for SAMS, in essence to create a fourth funding stream to complement the existing research, education and enterprise.



## The Scottish Association for Marine Science – March 2023

### Strategic Report (continued)

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### 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-19 pandemic; and (ii) the ongoing 'cost of living crisis', bringing inflationary pressures on salaries, infrastructure and consumables costs. For commercial activity, the ongoing difficulties in the supply chain, make sourcing of raw materials and personnel an increasing challenge alongside escalating costs. These are often difficult to pass on to customers. 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 our financial position.
- Risk of failure to meet research, education and enterprise performance targets including potential failure to be eligible for and subsequently win EU research grants.
- Risk of not achieving income targets from commercial activities in a highly competitive environment, subject to economic recession.
- Risk of staff retention in an increasingly competitive market, with increasing wages and changes to working practices making it challenging to both recruit and retain highly skilled individuals.
- Risk of major capital investment required to achieve a Net Zero operating model by 2030 requires a rolling programme of activities.
- 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.
- 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, Enterprise and Development
  - enhanced strategic communications activities, including brand recognition programme

## **The Scottish Association for Marine Science – March 2023**

### **Strategic Report (continued)**

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#### **Reserves policy**

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

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

The policy aims for The SAMS Group to hold in unrestricted undesignated reserves a minimum of 3 months annualised unrestricted expenditure, amounting to approximately £1,519k (2022 - £1,138k), in order to provide adequate working capital levels for the continued operation and completion of existing projects.

In addition, the Board has set the target of maintaining cash reserves at a minimum level of 2 months of the salary bill (March 2023 - £1,166k; March 2022 - £1,168k).

The total funds held by The SAMS Group at the year-end amount to £10,907k (2022 - £11,247k). This consists of unrestricted funds in surplus of £7,769k (2022 - surplus £9,449k), and restricted funds of £3,138k (2022 - £1,798k).

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 £612k (2022 - £527k Net Current Liabilities) which are considered part of the unrestricted funds obligation. SAMS is satisfied that this does not affect the sustainability of the Group.

#### **Investment policy and performance**

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

#### **Remuneration of key management personnel**

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

## The Scottish Association for Marine Science – March 2023

### Directors' Report

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#### 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 1.

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.

SAMS modernised the wording of its Articles of Association, approved at its AGM in December 2022. Opportunities for new trustees to serve on the SAMS Board, as Directors, are advertised in an open and transparent recruitment process to which anyone can apply. Interviews are by a panel, which will include the SAMS Director and be chaired by the SAMS Chair with newly selected Directors being approved by SAMS Board. The SAMS Director has the responsibility to outline the duties and responsibilities to new Directors. New Directors are noted at the AGM.

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

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

#### Executive group

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

John Barrie	Head of Finance from 27 February 2023
Professor Keith Davidson	Associate Director for Science and Education
Sue Johnson	Head of HR until 17 March 2023
Hazel Farnell	Head of HR from 5 September 2023
Graham Little	Head of Financial Services from 11 October 2021 until 27 May 2022
Professor Axel E J Miller	Deputy Director
Aileen Overend	Head of Financial Services from 3 October 2022 until 2 February 2023
Professor Nicholas J P Owens	Director
Mike Spain	Head of Enterprise
Professor Michele Stanley	Associate Director for Science, Enterprise & Innovation
Professor Ben Wilson	Associate Director for Science

## The Scottish Association for Marine Science – March 2023

### Directors' Report (continued)

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#### 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 1. Having made enquiries of fellow directors, each of the directors confirms that:

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

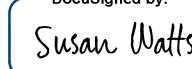
#### Auditors

Saffery LLP were appointed as auditor in December 2019.

The Board Report, incorporating the Strategic Report is approved.

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Chair of Board - Diana Murray

Date: 16 December 2023

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SAMS Trustee – Susan Watts

Date: 14 December 2023

## **The Scottish Association for Marine Science – March 2023**

### **Statement of Board's responsibilities in respect of the financial statements**

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

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and 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 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)**

**Independent auditor's report**  
**To the members and trustees of The Scottish Association for Marine Science**

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

**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 2023 which comprise the group and charity statement of financial activities, group and charity balance sheets, 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 2023 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.

**Other information**

The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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

**Independent auditor's report**  
**To the members and trustees of The Scottish Association for Marine Science**

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

**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 Trustees' Report and the Strategic 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 Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

Identifying and assessing risks related to irregularities:

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

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

**Independent auditor's report**  
**To the members and trustees of The Scottish Association for Marine Science**

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

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

**Audit response to risks identified:**

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

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://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.

DocuSigned by:

*Eunice McAdam*

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**Eunice McAdam (Senior Statutory Auditor)**  
**for an on behalf of Saffery LLP**  
**Chartered Accountants**  
**Statutory Auditors**

18 December 2023

.....  
 Kintail House  
 Beechwood Park  
 Inverness  
 IV2 3BW

Saffery 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)**

Charity number: SC009206

Company number: SC009292

For the year ended 31 March 2023

		Unrestricted funds £000	Restricted funds £000	2023 total £000	2022 total £000
	Note				
<b>Income from:</b>					
Other trading activities	3a	2,140	6	2,146	1,875
Charitable activities	3c	1,963	7,095	9,058	8,408
<b>Total income</b>		4,103	7,101	11,204	10,283
<b>Expenditure on:</b>					
Raising funds	4a	15	-	15	22
Charitable activities	5a	6,062	5,761	11,823	10,739
<b>Total expenditure</b>		6,077	5,761	11,838	10,761
<b>Net (expenditure)/income</b>		(1,974)	1,340	(634)	(478)
<b>Other recognised gains/(losses):</b>					
Pension surplus/(deficit)	21	294	-	294	(1,446)
<b>Net movement in funds</b>		(1,680)	1,340	(340)	(1,924)
<b>Reconciliation of funds:</b>					
Total funds brought forward		9,449	1,798	11,247	13,171
<b>Total funds carried forward</b>		7,769	3,138	10,907	11,247

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)****Charity number: SC009206****For the year ended 31 March 2023****Company number: SC009292**

	<b>Note</b>	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
<b>Income from:</b>					
Other trading activities	<b>3a</b>	319	6	325	292
Investments	<b>3b</b>	468	-	468	177
Charitable activities	<b>3d</b>	2,427	7,095	9,522	8,912
Other income		-	-	-	3
<b>Total income</b>		<b>3,214</b>	<b>7,101</b>	<b>10,315</b>	<b>9,384</b>
<b>Expenditure on:</b>					
Raising funds	<b>4b</b>	15	-	15	12
Charitable activities	<b>5b</b>	5,174	5,761	10,935	10,200
<b>Total expenditure</b>		<b>5,189</b>	<b>5,761</b>	<b>10,950</b>	<b>10,212</b>
<b>Net (expenditure)/income</b>		<b>(1,975)</b>	<b>1,340</b>	<b>(635)</b>	<b>(828)</b>
<b>Other recognised gains/(losses):</b>					
Pension surplus/(deficit)	<b>21</b>	294	-	294	(1,446)
<b>Net movement in funds</b>		<b>(1,681)</b>	<b>1,340</b>	<b>(341)</b>	<b>(2,274)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		8,746	1,798	10,544	12,818
<b>Total funds carried forward</b>		<b>7,065</b>	<b>3,138</b>	<b>10,203</b>	<b>10,544</b>

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 2023**

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

	Note	2023 £000	£000	2022 £000	£000
<b>Fixed assets</b>					
Tangible assets	10		14,355		14,807
<b>Current assets</b>					
Stocks		72		81	
Debtors	12	2,271		2,128	
Cash at bank and in hand		1,612		2,747	
		<u>3,955</u>		<u>4,956</u>	
<b>Creditors: amounts falling due within one year</b>	13	(4,567)		(5,483)	
<b>Net current liabilities</b>			(612)		(527)
<b>Creditors: amounts falling due within one year</b>	14		(120)		(120)
<b>Net assets excluding pension liability</b>			<u>13,623</u>		<u>14,160</u>
Defined benefit pension scheme liability	16		(2,716)		(2,913)
<b>Net assets</b>			<u><u>10,907</u></u>		<u><u>11,247</u></u>
<b>Funds</b>					
Unrestricted funds	19		7,769		9,449
Restricted funds	18		3,138		1,798
<b>Total funds</b>			<u><u>10,907</u></u>		<u><u>11,247</u></u>

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

DocuSigned by:

*Diana Murray*

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**Diana Murray - Chair**

DocuSigned by:

*Susan Watts*

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**Susan Watts - Trustee**

16 December 2023

Date: .....


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

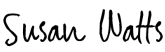
**Charity balance sheet**  
**As at 31 March 2023**

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

	Note	2023 £000	£000	2022 £000	£000
<b>Fixed assets</b>					
Tangible assets	10		14,281		14,729
Investments	11		39		39
			<u>14,320</u>		<u>14,768</u>
<b>Current assets</b>					
Stocks		9		7	
Debtors	12	2,556		2,668	
Cash at bank and in hand		477		1,471	
		<u>3,042</u>		<u>4,146</u>	
<b>Creditors: amounts falling due within one year</b>	13	(4,323)		(5,337)	
<b>Net current liabilities</b>			<u>(1,281)</u>		<u>(1,191)</u>
<b>Creditors: amounts falling due within one year</b>	14		(120)		(120)
<b>Net assets excluding pension liability</b>			<u>12,919</u>		<u>13,457</u>
Defined benefit pension scheme liability	16		(2,716)		(2,913)
<b>Net assets</b>			<u><u>10,203</u></u>		<u><u>10,544</u></u>
<b>Funds</b>					
Unrestricted funds	19		7,065		8,746
Restricted funds	18		3,138		1,798
<b>Total funds</b>			<u><u>10,203</u></u>		<u><u>10,544</u></u>

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

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**Diana Murray - Chair**

16 December 2023

Date: .....

**Susan Watts - Trustee**

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

**Group and charity statement of cash flows**  
**For the year ended 31 March 2023**

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

		<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>20</b>	(647)	(876)	(520)	(1,172)
<b>Cash flows from investing activities:</b>					
Purchase of tangible fixed assets		(489)	(289)	(475)	(270)
Investment income		-	-	-	177
Net cash outflow from investing activities		(489)	(289)	(475)	(93)
<b>Cash flows from financing activities:</b>					
Proceeds from new loans		120	120	120	120
Repayments of borrowing		(120)	(100)	(120)	(50)
Net cash inflow from financing activities		-	20	-	70
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,136)</b>	<b>(1,145)</b>	<b>(995)</b>	<b>(1,195)</b>
Cash and cash equivalents at beginning of the year		2,747	3,892	1,471	2,666
Cash and cash equivalents at end of the year		1,611	2,747	476	1,471

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

**Notes to the financial statements**  
**For the year ended 31 March 2023**

**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.

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 above the pre-determined Reserves policy and the year-end balance was recorded at £1.6m. Despite constraints on EU funding and inflation, SAMS continue to work within the reserves policy and the overdraft facility of £750k has been renewed.

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 2023. Intra-group income, expenditure, surpluses and deficits are eliminated fully on consolidation.

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**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.

**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.

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## **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.

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 13% (2022 - 14%).



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### **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.

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 - derecognition***

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

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**2 Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

***Pension deficit obligation***

The calculation of the pension deficit obligation for SAMS involves judgements including the determination of discount rates, assumptions for salary inflation, staff changes, estimated retirement dates and mortality rates. These assumptions are based on the current environment and they may vary from year to year, which would affect the value of the obligation and impact on the net movement in funds in the SOFA. Pension deficit obligations, including the underlying assumptions, are reviewed and will continue to be reviewed by the directors on an annual basis. The carrying value of the pension deficit obligation at the year end is £2,716k (2022 - £2,913k).

***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 (2022: £39k) and the net carrying value of intra-group balances is a debtor of £526k (2022: £812k).

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

Total group income from other trading activities was £2,146k (2022 - £1,875k) and total charity income from other trading activities was £325k (2022 - £292k). Included in group and charity income was restricted income of £6k (2022 - £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 £468k (2022 - £177k).

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

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
Education and knowledge transfer grants	546	713	1,259	1,310
Research income, national capability and	1,142	6,382	7,524	6,899
Recompression SIMBA units and components	275	-	275	199
	<b>1,963</b>	<b>7,095</b>	<b>9,058</b>	<b>8,408</b>

Group income from charitable activities was £9,058k (2022 - £8,408k) of which £1,963k (2022 - £1,921k) was unrestricted and £7,095k (2022 - £6,487k) was restricted.

Government grants included in the income above are as follows:

	<b>2023 £000</b>	<b>2022 £000</b>
United Kingdom Research & Innovation	4,560	4,816
European Union	657	546
Non-Departmental Public Bodies	-	110
Enterprises Schemes	72	201
Scottish Funding Council	1,419	1,832
	<b>6,708</b>	<b>7,505</b>

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

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
Education and knowledge transfer grants	546	713	1,259	1,310
Research income, national capability and facilities	1,881	6,382	8,263	7,602
	<u>2,427</u>	<u>7,095</u>	<u>9,522</u>	<u>8,912</u>

Charity income from charitable activities was £9,522k (2022 - £8,912k) of which £2,427k (2022 - £2,425k) was unrestricted and £7,095k (2022 - £6,487k) was restricted.

Government grants included in the income above are as follows:

	<b>2023 £000</b>	<b>2022 £000</b>
United Kingdom Research & Innovation	4,560	4,816
European Union	657	528
Non-Departmental Public Bodies	-	110
Enterprises Schemes	72	201
Scottish Funding Council	1,419	1,832
	<u>6,708</u>	<u>7,487</u>

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

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
Marketing, publications and newsletters	15	-	15	22

Expenditure on raising funds was £15k (2022 - £22k). This expenditure was unrestricted in full in both years.

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

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
Marketing, publications and newsletters	15	-	15	12

Expenditure on raising funds was £15k (2022 - £12k). This expenditure was unrestricted in full in both years.

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

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
Staff costs (note 8)	3,208	3,854	7,062	6,809
Governance costs	36	-	36	6
Other costs (everything other than governance and marketing)	2,818	1,907	4,725	3,924
	<b>6,062</b>	<b>5,761</b>	<b>11,823</b>	<b>10,739</b>

Expenditure on charitable activities was £11,823k (2022 - £10,739k) of which £6,062k (2022 - £4,533k) was unrestricted and £5,761k (2022 - £6,206k) was restricted.

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

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>2023 total £000</b>	<b>2022 total £000</b>
Staff costs (note 8)	2,982	3,854	6,836	6,692
Governance costs	30	-	30	6
Other costs (everything other than governance and marketing)	2,162	1,907	4,069	3,502
	<b>5,174</b>	<b>5,761</b>	<b>10,935</b>	<b>10,200</b>

Expenditure on charitable activities was £10,935k (2022 - £10,200k) of which £5,174k (2022 - £3,994k) was unrestricted and £5,761k (2022 - £6,206k) was restricted.

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

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
This is stated after charging/crediting:				
Auditor remuneration:				
Audit services	28	31	17	18
Other services	4	3	2	2
Depreciation and (gains)/losses on disposals	941	956	923	936
Operating lease charges	59	41	41	6
Foreign exchange loss / (gain)	139	(57)	129	(59)

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

Eleven non-executive Board Members received £5,119 (2022 - £434), in the form of reimbursable expenses for travel and subsistence while on Board business in total from SAMS during the year. The following Directors received remuneration:

		<b>2023</b>	<b>2022</b>
	<i>Committee</i>	<b>£000</b>	<b>£000</b>
Mr John MacKerron	<i>Audit</i>	2	5
Ms Hazel Allen	<i>Finance</i>	-	1
		<u>2</u>	<u>6</u>

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

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

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Key management personnel	<u>987</u>	<u>1,041</u>	<u>987</u>	<u>1,041</u>

There are no additional related party transactions to be disclosed.

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**8 Analysis of staff costs**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	5,562	5,443	5,361	5,344
Social security costs	514	447	496	436
Pension costs	922	934	907	925
	<b>6,998</b>	<b>6,824</b>	<b>6,764</b>	<b>6,705</b>

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

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Administration	73	65	69	63
Research	90	86	85	84
Technical	53	51	53	50
	<b>216</b>	<b>202</b>	<b>207</b>	<b>197</b>

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

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
£60,000 - £69,999	3	3
£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.



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**9 Expenditure**

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
<b><i>Activities in furtherance of charitable activities</i></b>				
Administration	2,990	2,901	2,766	2,784
Research	2,963	2,940	2,963	2,940
Technical	1,008	962	1,008	962
	<b>6,961</b>	<b>6,803</b>	<b>6,737</b>	<b>6,686</b>
Scientific consumables	2,371	1,924	2,583	2,108
Support costs	1,996	1,617	1,416	1,294
Depreciation unfunded	412	417	116	124
<b>Total</b>	<b>11,740</b>	<b>10,761</b>	<b>10,852</b>	<b>10,212</b>
<b><i>Support costs</i></b>				
Utilities	642	482	580	432
Property maintenance, service and cleaning	289	247	286	247
Communications	31	32	31	32
Company Secretary, Finance and HR	155	91	151	86
Directorate	115	290	115	290
Health and safety	50	57	50	57
ITC costs	144	70	142	70
Library	-	35	-	35
Ocean Explorer Centre	1	3	1	3
Vehicles	28	12	25	10
Vessels	14	12	13	12
Other	527	285	22	20
<b>Total</b>	<b>1,996</b>	<b>1,617</b>	<b>1,416</b>	<b>1,294</b>

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**10 Tangible fixed assets (group)**

	<b>Assets under construction £000</b>	<b>Property £000</b>	<b>Vessels and vehicles £000</b>	<b>Fittings and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 April 2022	16	20,564	558	12,973	34,111
Additions	-	40	-	449	489
Transfer	(16)	-	-	16	-
At 31 March 2023	-	20,604	558	13,438	34,600
<b>Depreciation</b>					
At 1 April 2022	-	7,259	537	11,508	19,304
Charge for the year	-	414	5	522	941
At 31 March 2023	-	7,673	542	12,030	20,245
<b>Net book value</b>					
At 31 March 2023	-	12,931	16	1,408	14,355
At 31 March 2022	16	13,305	21	1,465	14,807

**10 Tangible fixed assets (charity)**

	<b>Assets under construction £000</b>	<b>Property £000</b>	<b>Vessels and vehicles £000</b>	<b>Fittings and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 April 2022	16	20,548	558	12,623	33,745
Additions	-	40	-	435	475
Transfer	(16)	-	-	16	-
At 31 March 2023	-	20,588	558	13,074	34,220
<b>Depreciation</b>					
At 1 April 2022	-	7,259	537	11,220	19,016
Charge for the year	-	414	5	504	923
At 31 March 2023	-	7,673	542	11,724	19,939
<b>Net book value</b>					
At 31 March 2023	-	12,915	16	1,350	14,281
At 31 March 2022	16	13,289	21	1,403	14,729

The value of capital commitments at 31 March 2023 was £175k (2022 - £199k).

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**11 Investments**

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
Subsidiaries	-	-	39	39
Other fixed asset investment	-	-	-	-
	-	-	39	39

***Other fixed asset investment (group)***

	<b>2023 £000</b>	<b>2022 £000</b>
Cost at 1 April	53	53
Impairment	(53)	(53)
Net book value at 31 March	-	-

***Subsidiary undertakings (charity)***

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

	<b><i>SAMS Applied Marine Science Enterprise Limited</i></b>		<b><i>SAMS Limited</i></b>	
	<b>2023 £000</b>	<b>2022 £000</b>	<b>2023 £000</b>	<b>2022 £000</b>
Turnover	2,021	1,639	194	227
Cost of sales	(1,473)	(1,130)	(73)	(70)
Gross profit	548	509	121	157
Administrative expenses	(191)	(132)	(10)	(6)
Profit before taxation	357	377	111	151
Tax on profit	-	-	-	-
Profit for the year	357	377	111	151
Net assets	619	580	125	164

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**12 Debtors**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	607	517	341	251
Prepayments and accrued income	1,659	1,605	1,642	1,597
Amounts owed by group undertakings	-	-	568	814
Other debtors	5	6	5	6
	<b>2,271</b>	<b>2,128</b>	<b>2,556</b>	<b>2,668</b>

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

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan (note 15)	-	-	-	-
Payments received in advance	3,634	4,319	3,434	4,188
Amounts owed to group undertakings	-	-	-	2
Taxation and social security	172	142	165	143
Sundry creditors and accruals	761	1,022	724	1,004
	<b>4,567</b>	<b>5,483</b>	<b>4,323</b>	<b>5,337</b>

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

*Analysis of payments received in advance:*

	<b>Brought forward</b>	<b>Released during</b>	<b>Deferred this</b>	<b>Carried forward</b>
	<b>£000</b>	<b>the year</b>	<b>year</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Group</b>				
2023	4,319	(5,831)	5,146	3,634
2022	6,017	(5,785)	4,087	4,319
<b>Charity</b>				
2023	4,188	(5,473)	4,720	3,434
2022	5,771	(5,428)	3,845	4,188

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.

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

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
Bank loan (note 15)	120	120	120	120

**15 Loans and overdrafts**

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
Bank loan	120	120	120	120
Within one year	-	-	-	-
Within two to five years	120	120	120	120
	120	120	120	120

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

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

**16 Provisions for liabilities**

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
Pension deficit obligations (note 21)	2,716	2,913	2,716	2,913

**17 Other financial commitments**

At 31 March 2023 the company had commitments under non-cancellable operating leases as set out below:

	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>	<b>Charity 2023 £000</b>	<b>Charity 2022 £000</b>
Within one year	49	41	14	5
Within two to five years	30	53	12	1
	79	94	26	6

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**18 Restricted funds**

	<b>At 1 April 2022 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers £000</b>	<b>At 31 March 2023 £000</b>
<b>Group</b>					
Fixed asset funds	1,145	160	(534)	-	771
Research projects	653	6,941	(5,227)	-	2,367
	<u>1,798</u>	<u>7,101</u>	<u>(5,761)</u>	<u>-</u>	<u>3,138</u>
<b>Charity</b>					
Fixed asset funds	1,145	160	(534)	-	771
Research projects	653	6,941	(5,227)	-	2,367
	<u>1,798</u>	<u>7,101</u>	<u>(5,761)</u>	<u>-</u>	<u>3,138</u>
	<b>At 1 April 2021 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers £000</b>	<b>At 31 March 2022 £000</b>
<b>Group</b>					
Fixed asset funds	1,517	168	(540)	-	1,145
Research projects	-	6,319	(5,666)	-	653
	<u>1,517</u>	<u>6,487</u>	<u>(6,206)</u>	<u>-</u>	<u>1,798</u>
<b>Charity</b>					
Fixed asset funds	1,517	168	(540)	-	1,145
Research projects	-	6,319	(5,666)	-	653
	<u>1,517</u>	<u>6,487</u>	<u>(6,206)</u>	<u>-</u>	<u>1,798</u>

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.

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**19 Analysis of net liabilities between funds**

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total £'000</b>
<b><i>Group (2023)</i></b>			
Fixed assets	13,584	771	14,355
Net current liabilities	(2,979)	2,367	(612)
Long term liabilities	(2,836)	-	(2,836)
	<u>7,769</u>	<u>3,138</u>	<u>10,907</u>
<b><i>Group (2022)</i></b>			
Fixed assets	13,662	1,145	14,807
Net current liabilities	(1,180)	653	(527)
Long term liabilities	(3,033)	-	(3,033)
	<u>9,449</u>	<u>1,798</u>	<u>11,247</u>
<b><i>Charity (2023)</i></b>			
Fixed assets	13,549	771	14,320
Net current liabilities	(3,648)	2,367	(1,281)
Long term liabilities	(2,836)	-	(2,836)
	<u>7,065</u>	<u>3,138</u>	<u>10,203</u>
<b><i>Charity (2022)</i></b>			
Fixed assets	13,623	1,145	14,768
Net current liabilities	(1,844)	653	(1,191)
Long term liabilities	(3,033)	-	(3,033)
	<u>8,746</u>	<u>1,798</u>	<u>10,544</u>

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

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Net (expenditure)	(634)	(478)	(635)	(828)
Depreciation	941	956	923	936
Defined benefit pension charge/(credit)	96	28	96	28
(Increase)/decrease in stock	9	(59)	(2)	-
(Increase)/decrease in debtors	(143)	709	112	972
(Decrease) in creditors	(916)	(2,032)	(1,014)	(2,103)
Investment income	-	-	-	(177)
Net cash (outflow) from operating activities	(647)	(876)	(520)	(1,172)

**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 £31k in the year (2022 - £55k). There were no outstanding contributions at 31 March 2023 or 2022.

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 £132k (2022 - £118k). At the year end there was an accrual of £18k in respect of employer and employee contributions at year end (2022: £18k).

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



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**21 Pension commitments (continued)**

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 2022 and March 2023 the percentage was 21.6% (2022 - April 2021 and September 2021 - 21.1% and October 2021 and March 2022 - 21.4%).

The total cost charged to the statement of financial activities is £743k (2022 - £730k) included as part of note 5. Deficit recovery contributions due within one year for the institution are £213k (2022 - £217k). At the year end there was an accrual of £99k in respect of employer and employee contributions at year end (2022: £100k). Since SAMS cannot identify its share of Retirement Income Builder Section of the scheme assets and liabilities the following disclosures reflect those relevant for the Section as a whole.

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

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.

[www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](http://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

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**21 Pension commitments (continued)**

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 main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are:

2020 valuation mortality base table 101% of S2PMA "light") for males and 95% of S3PFA for females  
Future improvements to mortality: CMI\_2019 with a smoothing parameter of 7.5, an initial addition of 0.5%p.a. and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:	<b>2023</b>	<b>2022</b>
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

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.

Discount rate	5.52%	3.31%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	3.50%	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 2023 amounted to £2,716k (2022 - £2,913k) and the current agreed Recovery Plan end date has been amended to 30 April 2038

The total amount credited to the Statement of Financial Activities is £294k (2022 - £1,474k credit) of which £294k (2022 - £1,446k) is disclosed for the charity and the group as other recognised gains and losses. A total of £97k (2022 - £28k) of pension costs and interest is charged against expenditure on charitable activities. The credit adjustment to the fund is in line with the upturn in the value of the fund due to positive market movements.

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**22 Financial instruments**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><i>Carrying amount of financial assets</i></b>				
Measured at amortised cost	612	523	914	1,071
<b><i>Carrying amount of financial liabilities</i></b>				
Measured at amortised cost	761	1,022	724	1,006

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 2023, income of £1,220k (2022 - £1,396k) was received from UHI in relation to higher education activities and payments of £22k (2022 - £27k) were made to UHI. Amounts due from UHI at 31 March 2023 were £101k (2022 - £133k) and amounts due to UHI were £nil (2022 - £0.4k).