



**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 2024

Registered number: SCO09292
Scottish Charity Number: SCO09206

Contents.....	1
1 Company Information	2
2 Board Report (Including the Strategic Report)	4
3 Directors' Report	22
4 Statement of Board Responsibilities	25
5 Independent Auditor's Report.....	26
6 Group Statement of Financial Activities (incorporating the income and expenditure account)	32
7 Charity Statement of Financial Activities (incorporating the income and expenditure account)	33
8 Group Balance Sheet.....	34
9 Charity Balance Sheet.....	35
10 Group and Charity Statement of Cash Flows	36
11 Notes to the Financial Statements	37

1 Company Information

1.1 Trustees

Keir Ashton	Trustee appointed 14 June 2024
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 appointed December 2018, completed tenure December 2023
Adam Christie	Trustee, appointed 16 June 2023, appointed Chair of the SAMS Enterprise Board 4 March 2024
Laura Dance	Trustee appointed 14 June 2024
Iain 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, stepped down from 31 July 2023
Eric Hollanders	Appointed Chair of Finance Committee and Co-opted to SAMS Board 9 June 2022, appointed Trustee on 2 December 2022, appointed to the Audit Committee on 1 December 2023
Dr Ian Jardine	Trustee and Chair of Audit Committee, appointed 16 June 2023
Dr Louise Ledgard	Trustee appointed 14 June 2024
Dr Deborah McNeill	Trustee appointed December 2018, appointed Chair of Education Committee in March 2021
Professor Colin Moffat	Trustee appointed December 2021
Diana Murray OBE	Trustee & Chair appointed March 2019
Dr Magnus Nicolson	Chair of SAMS Enterprise Board – stepped down September 2022. Trustee appointed December 2019, stepped down March 2024
Professor Richard Waites	Trustee appointed December 2021
Professor Douglas Wallace	Trustee, appointed 16 June 2023
Susan Watts	Trustee appointed December 2018
Alun Williams	Trustee, appointed 16 June 2023

1.2 Audit Committee

Dr Ian Jardine OBE
Professor M George
Dr M Coughtrie
E Hollanders

Chair of Audit Committee, appointed 16 June 2023
Appointed to Audit Committee 27 January 2023
Appointed to Audit Committee 27 January 2023
Appointed to Audit Committee 1 December 2023

1.3 Secretary

Ann Mackenzie

From January 2022

1.4 Auditor

Saffery LLP
Torridon House
Beechwood Park
Inverness
IV2 3BW

1.5 Bankers

Bank of Scotland
Station Road
Oban
PA34 4LL

1.6 Registered Office

SAMS
Dunbeg
Argyll
PA37 1QA

1.7 Charity Number

SC009206

1.8 Company Number

SC009292

2 Board Report (Including the Strategic Report)

2.1 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 Ltd (hereafter referred to as SAMS Enterprise) is a commercial, subsidiary company, wholly owned by SAMS as the single shareholder. It exists to provide knowledge, know-how and services, primarily to commercial entities in order for them to better carry out their business. Increasingly, SAMS Enterprise operates at the interface between academia and business – the so-called innovation space – which is recognised as an important area to stimulate employment, new businesses, and wealth generation.
- SAMS Limited is a second subsidiary company, wholly owned by SAMS. It exists as a vehicle for the administration of (i) the provision of specialist services related to our culture collection; (ii) services relating to the rental of SAMS infrastructure and facilities (largely tenant companies); and (iii) activities relating to events management.

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 2024.

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 Ltd is ECMB, Dunbeg, Oban, Argyll PA37 1QA. 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). We are subscribing members of the: Estuarine and Coastal Sciences Association (ECSA); Challenger Society for Marine Science (CSMS); EuroMarine Network; EIT Food (an EU-funded food innovation community); and Partnership for Observation of the Global Ocean (POGO). Most recently we became a founding member of the World Association of Marine Stations (WAMS) and joined the Association for Science and Discovery Centres.

2.2 Achievements and Performance

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

Over the reporting year SAMS worked on 127 research and 82 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 11 NewDEPOMOD licences (ranging between 5-30 site licence types) and taught 37 individuals through the Seaweed Academy from a range of backgrounds including aquaculture professionals, academics, NGO's and governmental bodies. SAMS sent 1,694 cultures and 267 units of media over 766 orders including 38 sent directly to UK schools as part of collaboration with Darwin Biological.

Staff continue to be recognised for their excellence and contributions to SAMS, UHI and the wider community.

- Our Director, Professor Nick Owens, continued in his capacity as a member of the Scottish Government’s Science Advisory Council.
- UHI recognised two SAMS-based members of staff awarding a personal chair to Professor Adam Hughes and an associate professorship to Dr Matt Davey.
- Professor Mike Burrows was included on the Clarivate Highly Cited Researchers List for 2023 for the fourth consecutive year.
- Dr Georgina Robinson was the winner of the coveted Converge Challenge Award for her nascent spin-out company which offers a sustainable solution to the disposal of organic waste in the Scottish aquaculture industry.
- SAMS was awarded the Armed Forces Covenant Employer Recognition Scheme (Bronze Award) in recognition of our commitment to the Armed Forces.
- SAMS was awarded a Youth Friendly Employer 2023 (Bronze Award).

For Academic year 22/23, attainment is as follows:

- PhD – 7
- MRes – 2
- MSc – 21
- 33 students graduated from the BSc Marine Science degree programme.

The 23/24 cohort graduate in September 2024.

Through our Development Programme SAMS was awarded ~£200k funding from the second wave of the ‘Carbon Innovation Fund’ from the Co-op Foundation. The project is designed to reduce and repurpose ‘waste’, add-value to the growing levels of aquaculture/fishery waste, reduce reliance upon synthetically produced or mined fertilisers, and enhance circularity in the food system.

2.2.1 Funding to support our students

Thanks to generous grants from philanthropic trusts, we’ve now been able to launch a number of impactful initiatives which will offer crucial support for students while they study with us. As well as bursaries, discretionary hardship awards, and contributions towards specialist field trips, paid summer internships have also been made possible, allowing young scientists to work alongside experienced researchers and gain invaluable experience and academic networks.

We have been able to pilot wellbeing initiatives, such as student breakfast clubs, which provide inclusive and welcoming platforms to tackle loneliness and isolation. This funding has enabled us to trial schemes we have not previously been able to offer; positively impacting on the lives of even more students, and supporting our future marine scientists, researchers, and conservationists.

2.2.2 Welcoming our first corporate supporters on board

In April 2023, we welcomed the first company to join up to our brand-new Corporate Supporter programme. Water Plus, a water retailer working with businesses, public sector, and charities, among others, added SAMS to its growing portfolio of environmental charity partners. They are specifically helping accelerate our journey towards creating a pioneering science-based system for verifying the effectiveness of seaweed in marine carbon capture.

We were also delighted to partner with B Corp Mission Performance in a unique approach to addressing their carbon emissions, by investing directly in their carefully selected charities, of which SAMS is proud to be the ocean representative. Funds raised for SAMS via the partnership will be used specifically for seaweed and micro-algae work, one of the most exciting and revolutionary opportunities of our time.

As part of our goal to develop closer links with Scottish and UK governments, SAMS hosted independent visits from: John Lamont MP, Parliamentary Under-Secretary of State for Scotland; a delegation from the UK and Scottish Government civil servants who were collating information on the bids for funding from the Rural Growth Deal; a contingent from the World Wildlife Fund (WWF), including philanthropists. There were also visits from Professor Colin Campbell, CEO of the James Hutton Institute; Jamie McMichael-Phillips, Director of Seabed 2030; and Neil Hornby, CEO with Professor Grant Stentiford (Chief Scientist) at CEFAS. Also, within the reporting period there were visits from and a small party from the Scottish Government including the Head of Marine Funding and Marine Nature Finance Lead.

Following a bid to the UK government's Strategic Priorities Fund, through Argyll & Bute Council, SAMS gained funding support to develop the 'Scientific Robotics Academy', and this was formally launched on 19 March 2024. Its mission is two-fold: first, to train the next generation of environmental and climate scientists in the capability and use of autonomous instrumented platforms; and second to teach the present generation of engineers in the needs, desires and challenges of the marine science community who monitor the planet.

SAMS was awarded a Bronze Award from Athena Swan (Scientific Woman's Academic Network) in 2023 for its commitment to gender equality. During the reporting year we also took the decision to pursue a formal recognition 'Investors in Diversity' accreditation through the National Centre for Diversity.

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 received.

2.3 Communications and Engagement

SAMS' diversity in research, education and enterprise activities is mesmerising and provides ample material for communication. But it also makes it challenging for external stakeholders to understand what SAMS is and does. While communicating the entire breadth of activities and impacts, we thus run year-long campaigns to highlight particular areas of expertise. This year we delivered the **#WhaleTalk** campaign to promote SAMS' research expertise in marine mammal research and demonstrate the importance of marine mammal monitoring. The highlights of the campaign were the introduction of SAMS' Ocean Explorer podcast and engaging 8,550 people at 12 events including the digital 'For the Love of Whales' SciArt event that gathered 150 delegates on Valentines Day; the 'Scotland: Europe's Whale Watchers' in person event at the Royal Society of Edinburgh for invited guests with a policy background including MSPs; and an outreach programme that introduced over 1,956 pupils from 28 schools to cetaceans. The campaign also achieved 146,350 impressions on social media and 19 media mentions.

Our visitor and outreach facility, the **Ocean Explorer Centre**, attracted more than 5,378 visitors, excluding the local repeat visitors and regulars to the Beach Café that Argyll and Bute Council operated until the end of the reporting year.

We delivered substantial **ocean literacy and STEM education** sessions that engaged 4,261 children from nursery to S6 ages across Argyll and Bute and further afield. This included community events, classroom teaching sessions, workshops at the Ocean Explorer Centre and local career fairs. A focus was on areas with limited access to experts due to isolated locations. While most sessions were one-off engagements, we also ran a longer project with Dunbeg Primary School, with classes receiving 10 sessions at SAMS over the school year. With UHI Argyll we hosted the first STEM network meeting in Argyll, bringing together nearly 30 STEM

providers in an intelligence gathering and planning meeting and established a new group that will meet regularly. Much of this outreach was made possible thanks to the ScotWind-funded Winds of Change UHI STEM Development Programme that employs a part-time STEM coordinator at SAMS.

In the reporting year we produced 40 **news stories** and achieved more than 214 media mentions in the press and online, on radio and TV. SAMS stories featured in the BBC, New Scientist, IFL Science, The Economist, The Times, National Geographic, Bloomberg, Channel 4 News, Financial Times, The Guardian, New York Times, and other outlets. The stories reaching the largest audiences included [Mike Burrows' research on record ocean temperatures](#), [how marine robotics are changing the way we do research](#) and research by research SAMS honorary fellow Conor Ryan about [how baleen whales may be able to sniff out their next meal](#). Other significant stories included research on topics such as finfish aquaculture, students, seaweed, and policy. We also generated over thirty **short films** and visual assets for all aspects of SAMS activities: research, teaching, outreach, marketing, events, commercial product demos, fundraising, corporate and staff communications.

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 across platforms.

Over the past five years SAMS' most popular corporate social media platform shifted from X (Twitter) to LinkedIn. We also added TikTok to the suite of outlets and continue to observe the changing social media landscape. We achieved a healthy growth on all our platforms allowing us to engage with more partners and audiences more regularly.

	Audience	2019-20	2020-21	2021-22	2022-23	2023-24
LinkedIn	Academia, Funder, Policy, Industry	5,180	7,000	8,628	10,761	13,658
X (Twitter)	As above	10,331	11,200	12,112	12,801	12,922
Facebook	Local community, alumni, parents	5,413	6,780	7,393	7,819	8,400
Instagram	Millennials, GenZ	1,150	1,460	1,994	2,582	2,944
TikTok	Young people	0	0	148	595	719
YouTube	General	440	530	700	880	1,050

SAMS maintains a range of corporate and project websites attracting a significant volume of page views:

	2019-20	2020-21	2021-22	2022-23	2023-24
www.sams.ac.uk	228,104	213,796	232,457	251,375	253,000
www.ccap.ac.uk	104,989	95,315	43,789	41,704	54,000
www.sams-enterprise.com	1,211	13,254	15,803	19,800	31,000
www.oceanexplorercentre.org		<5,000	10,000	11,029	9,500
www.seaweedacademy.co.uk				13,911	16,000

2.4 Financial Review

The SAMS Group made a surplus of £1,970k in 2023/24 (2022/23 deficit £340k). This outturn included a reduction in the provision to its Universities Superannuation Scheme (USS) liability of £2,779k (2022/23 reduction of £294k).

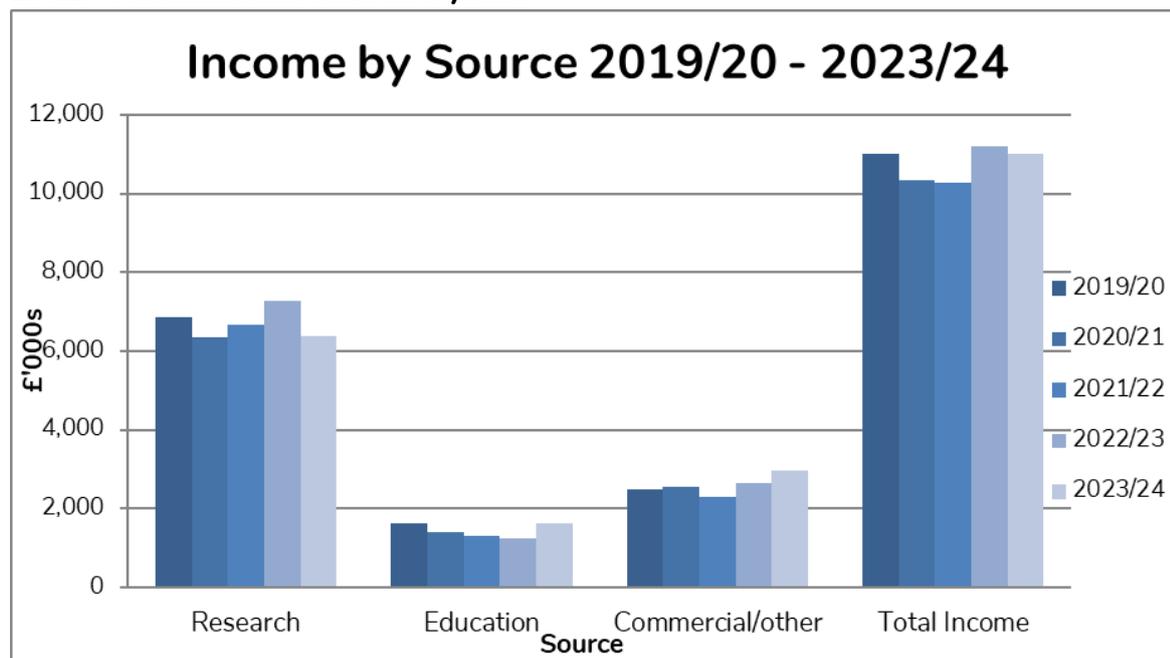
Excluding the movements in pension provision recognised as other gains and losses, the organisation made an overall deficit from operations of £809k (2022/23 deficit of £634k).

This was mainly due to a reduction in funding levels from UKRI and in EU funding.

The Group benefited from the positive contribution from the subsidiary company SAMS Applied Marine Science Enterprise Ltd of £204k (2022/23 - £358k). The subsidiary continued to make good progress, complementing the Science activities carried out across the group. SAMS Limited also contributed a net surplus of £217k (2022/23 - £111k).

Cash flows across the Group amounted to a decrease of £1,120k (2022/23 decrease of £1,136k). This is due to reduced levels of research income and payments made in advance.

2.4.1 Total Income over five years



Total income for 2023/24 was £11,010k compared to £11,204k in 2022/23. This is further analysed as follows:

2.5 Research

2.5.1 Research grants and contracts.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
NERC (including National Capability)	3,149	3,540	3,151	3,462	2,723
EU	1,312	875	498	657	551
Other	1,423	974	2,009	2,112	2,091
REG	986	975	1,015	1,060	1,033
Total Research Income	6,870	6,364	6,673	7,291	6,398

Overall, the income generated from research grants and contracts came in at £6,398k. This was a decrease of -12% on the underlying revenue level of the previous year.

UKRI Income of £2,618k was 41% of the total income generated from research. This was £818k less than the underlying revenue in 2022/23 due mainly to an overall reduction in National Capability funding levels.

EU Horizon 2020 & Horizon Europe The income of £551k from the EU Horizon 2020 and ERDF calls showed a further decrease this year of 16%. The decrease in income reflects delays in the transition between the end of Horizon 2020 and the commencement of Horizon Europe and the Ireland PeacePlus (SEUPB) funding. This has now started to flow through with additional funding forecast for this year. Future announcements will confirm details of plans if the UK is not recognised as an associate partner, which will be part of the longer-term funding strategy.

Other Research Other Research income reduced to pre-covid levels mainly due to a national slowdown in the economy driving reduced levels of Research funding in the UK and Scottish Government agencies. There was an increase in collaborations with UK and European Universities which was encouraging. The income generated showed a 1% reduction to £2,091k.

The Research Excellence Grant (REG) reduced slightly from 2022/23 to £1,033k. 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.

2.5.2 Education

Education income of £1,640k accounts for 15% (2022/23 - 11%) 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 had declined somewhat. However, post covid intake has continued to increase with the total undergraduate student population of 87 in the

academic year 2023/24 (81 - 2022/23) with income generated £562k (£537K – 2022/23).

Research student income comes from a variety of funders including the Super and E4 DTPs and a variety of individual funders. Research students are registered for PhDs either with UHI or the University of Edinburgh, and on a MRes in “Algal Biotechnology, Biology and Ecology”. Research postgraduate student numbers have shown a modest increase 35 students at March 2024 (28 - March 2023) with an income of £577k (2022/23 - £631k).

The major income stream at taught Masters level is the Erasmus Mundus Joint Masters Degree in Aquaculture, Environment and Society (ACES-Star) that is now in its eighth year of funded studentships. Total income in the year from ACES was £294k (2022/23 - £69k).

SAMS also offers a MSc programme in “Algal Biotechnology and Bioeconomy” although with low student numbers generating income of £27k 2023/24 (2022/23 - £nil). We also receive income from hosting field trips for visiting universities and delivering a number of algae and aquaculture related courses for the European Institute of Innovation and Technology (EIT). These added an additional £168k revenue (2022/2023 - £23k).

2.5.3 Enterprise

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

Through financial year 2023/24 the business has maintained profitability and contribution to SAMS. A turnover of £1,962k fell just short of the stretch target of £2,100k. While turnover was slightly down, at 93% of the Board’s target for turnover, the rather more important metric of profitability was at 98% of target. A budget income for FY2024/25 has been set at £2,294k.

For FY2023/24 Enterprise delivered a Net Profit of £204k against a budget of £226k. 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 and customer satisfaction.

SAMS Enterprise activity in 2023/24 funded the equivalent in hours of 8 FTE SAMS Research posts and 1 FTE Enterprise post has directly supported SAMS Research and Education.

The team continued to focus on the growth areas of the business while supporting fewer dynamic areas of activity. Analysis has been developed to understand the more profitable areas of the business and those which continue to be of strategic importance to SAMS but deliver lower returns.

There has been a clear reduction in consultancy contracts offered by all areas of the public sector, with some engagement going directly to research providers rather than being offered on the open market. The number of Government contract opportunities for Enterprise has decreased by 80% on previous years but this has been offset by the sterling efforts of the team to win blue-chip private sector contracts. This regression in public sector opportunity maps directly against the downturn in turnover.

In consultancy there has been a significant effort to further develop a cohesive, science-led offering to support the offshore wind sector as it moves from fixed to floating structures in deeper water; NewDEPOMOD has been even more widely adopted in Chile; and advances in SIMBA capability is opening new areas of research in ice roads and snowpack characterisation. New and developing market sectors under investigation include SAMS' robotics and drone capabilities and pushing into new modelling areas. Our engagement with the important aquaculture industry has increased appreciably with a strong pipeline of potential projects based on SAMS' scientific expertise.

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 our science offering grows and pivots. 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.

2.6 Effective Management of Resources

Whilst day-to-day operations 'post COVID' have returned to more familiar pattern over this reporting year, we are having to accommodate more high-quality candidates who require flexibility to live beyond daily commuting distance. This is particularly prevalent in Professional Services.

Our financial operating environment has remained challenging, with elevated costs impacting on all areas of operations. In August we implemented a 1% uplift on salaries, as an interim contribution to staff coping with the largest cost of living crisis in a generation. We also introduced an interest-free loan scheme for colleagues requiring immediate additional support.

As part of the Group's commitment to Net Zero and following on from previous success in reducing Scope 1 and 2 carbon emissions, we established the important baseline for our total emissions, including Scope 3. This will allow us to focus on new areas for carbon emissions reduction, including in the short to medium term, those with business travel. We also invested in new building management and 'digital twin' modelling systems to enhance efficiency in our use of energy.

In recognition of our commitment to fire safety and the importance placed on ensuring the competence of those appointed to provide guidance in this area, our Safety Health and Environment Advisor was awarded with the CFPD Diploma in Fire Safety (Technical Safety) and became a Member of the Institute of Fire Safety Managers. He was also successful in passing examinations to be appointed as a Dangerous Goods Safety Advisor.

On the IT side, we have continued to enhance our cyber-security profile through investing in advanced threat protection licences and extensive backup systems. In partnership with UHI, we retained our 'Cyber-Essentials Plus' certification for another year. And, as an additional cyber security risk mitigation, we have started the major task of replacing over two hundred personal computers that are not compatible with Windows 11. *[It is critical that this is completed before Microsoft ends Windows 10 support in 2025.]* In the library, we have a new librarian (Alan

Kerr), who has also taken on the Open Access advisor role for the whole UHI partnership.

Through HR leadership, we have continued to invest in our people. During the first half of the reporting year, our new Head of Finance (John Barrie) led a restructuring of the Finance and Contracts teams to form a unified Finance Department, with 'business partnering' at its core. In another senior management team change, we recruited Hazel Farnell as Head of HR (from September 2023). We have continued to provide training and development opportunities *via* our in-house 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 science leadership.

Finally, to support activities across the organisation, we have continued to offer student placements, internships, casual and fixed term employability opportunities. Such high-quality paid opportunities provide valuable starting points for young people to explore and develop their career aspirations in marine science and across professional services.

2.7 ISO Accreditation

Following an on-site audit, our Safety, Health and Environment Advisor, 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 by UKAS for ISO17025 (Laboratory Competence) and through the British Standards Institution for ISO9001:2015 (Management), including CCAP. Surveillance audits were led by Dr Mark Hart, Quality Manager in SAMS Enterprise.

2.8 Staff Costs

Total staff costs for the year amount to £7,061k (2022/23 - £6,998k). This represents the highest proportion of expenditure, accounting for 64% (2023/24 - 62%) of operational income. This was mainly due to inflationary impact and staff costs continue to be closely monitored and managed.

The USS pension scheme total contributions from employers required to fund current pension benefits fell from 21.6% of salary to 14.5% as of 01 January 2024. This resulted in a net credit of £2,779k to the overall pension provision.

£2,716k

2.9 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 is an extensive recent review across the site to capture areas where improvements to building fabric or systems will provide measurable and achievable environmental and sustainability benefits.

- Purchase and partial refurbishment of a vacant building on the current SAMS estate.
- Air Conditioning Energy Efficiency Assessment (consultancy).
- Replacement of cold store refrigeration system.
- Replacement of our several failing doors across the site.
- Essential pipework alterations to potable water systems in the Sir John Murray Building.
- Ongoing replacement of fluorescent lighting with energy-saving LED hardware.
- Replacement of fire extinguisher / smothering system in server room.
- Temporary roof repairs - ensuring watertightness across the estate.
- Main Pumphouse seawater intake manifold replacement.

Following a successful bid to the UK Government's Department for Science, Innovation and Technology 'Research and Innovation Organisation infrastructure Fund' (led by Dr Mikey Ross), we were able to invest over £855k into the renewing and enhancement of critical analytical infrastructure:

- Inductively coupled plasma mass spectrometer (£373k)
- Photobioreactor system (£130k)
- Carbon/Nitrogen Elemental Analyser (£94k)
- Confocal microscope imaging system (£80k)
- HPAEC-PAD Autosampler & Chemical Suppression system (£49k)
- qPCR machine (£35k)
- Electroporator (£28k)
- Fourier Transform Infrared – Attenuated Total Reflectance spectrometer (£26k)
- Gel imager (£14k)

2.10 Plans for the future period:

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

- **Research Excellence**

We shall enhance SAMS' reputation for research excellence by developing 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 by demonstrating that SAMS is an excellent place to bring personal fellowships. We shall encourage our scientists to pursue funding opportunities from 'non-traditional' sources.

- **Providing Solutions**

Through 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 commercial company's financial competitiveness. We shall also focus on technology transfer of SAMS IP into innovative new business through company spin-out.

- **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 explore 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**

High-quality, efficient Professional Services underpin our operations and are key to the delivery of our strategic objectives. Our core corporate functions of Finance, IT & Library, HR, Facilities & Estates, Communications, Safety, Health & Environment,

Compliance and Ships shall continue to support marine science at SAMS and in partnership with organisations across Scotland and the UK.

We shall continue to work closely with colleagues in the wider UHI, at Highlands and Islands Enterprise, Argyll and Bute Council and other sectors to pursue targeted infrastructure developments to support national strategies and new initiatives.

Major new activities for the forthcoming period will be to create and launch our new strategy for 2025-30 and set out a bold new vision for 'SAMS 2050'.

2.11 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 the chronic macro-economic challenges following Brexit, COVID and the cost-of-living crisis, having severe knock-on impacts on public finances. For commercial activity policy decisions underpinning UK and Scottish government approaches to economic rebalancing and recovery will once again be critical over the next reporting period.

More specifically:

- Risk of failing to deliver on further diversification of income streams to mitigate the macro-economic challenges.
- Risk of failure to meet research, education, and enterprise performance targets.

- Risk of not achieving income targets from commercial activities in a highly competitive environment.
- Risk of staff retention in an increasingly competitive market.
- Risk of major capital investment required to achieve a Net Zero operating model by 2040 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.

2.12 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 £1,208k (2023 - £1,518k), in order to provide adequate working capital levels for the continued operation and completion of existing projects.

The total funds held by The SAMS Group at the year-end amount to £12,877k (2023 - £10,907k). This consists of unrestricted funds in surplus of £8,813k (2023 surplus £7,769k), and restricted funds of £4,064k (2023 - £3,138k).

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 £1,442k (2023 - £612k 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. It is our intention to review the required level of unrestricted funds over the current financial year in order to move towards compliance with the policy of a minimum of 3 months annualised unrestricted expenditure.

2.13 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.

2.14 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.

3 Directors' Report

For the year ended 31 March 2024

3.1 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 2.

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 Ltd. 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.

3.2 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:

Professor Nicholas J P Owens	Director
Professor Axel E J Miller	Deputy Director
Professor Keith Davidson	Associate Director for Education
Professor Ben Wilson	Associate Director for Research
Professor Michele Stanley	Associate Director for Research, Enterprise & Innovation
Mr Mike Spain	Head of Enterprise
Mr John Barrie	Head of Finance from 27 February 2023
Mrs Hazel Farnell	Head of HR from 5 September 2023

3.3 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.

3.4 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 2. 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.

3.5 Auditors

Saffery LLP were appointed as auditor in December 2019.

The Board Report, incorporating the Strategic Report is approved.

Diana Murray – Chair

Date:

Susan Watts - Trustee

Date:

4 Statement of Board Responsibilities

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

Company law 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 its group; and of its incoming resources and application of resources, including the income and expenditure, of the charitable company and its group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP 2015 (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 group will continue in business.

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

The 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.

5 Independent Auditor's Report

5.1 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 2024 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 2024 and of the group 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).

5.2 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.

5.3 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.

Income is recorded when the charity becomes entitled, its receipt becomes probable, and the amount can be measured reliably.

5.4 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.

5.5 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.

5.6 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.

5.7 Responsibilities of Trustees

As explained more fully in the Statement of Board's Responsibilities set out on page 17 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.

5.8 Auditors' responsibilities for 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 risk relating to irregularities:

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

regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sectors in which the group and parent charitable company operate.

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

Audit response to risks identified:

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

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

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

deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

5.9 Use of our report

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

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

Torrison 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.

6 Group Statement of Financial Activities (incorporating the income and expenditure account)

For the year ended 31 March 2024

		Unrestricted funds	Restricted funds	2024 total	2023 total
	Note	£000	£000	£000	£000
Income from:					
Other trading activities	11.3.1	2,298	-	2,298	2,146
Charitable activities	11.3.3	2,137	6,575	8,712	9,058
Total income		4,435	6,575	11,010	11,204
Expenditure on:					
Raising funds	11.4.1	11	-	11	15
Charitable activities	11.5.1	6,158	5,649	11,808	11,823
Total expenditure		6,169	5,649	11,819	11,838
Net (expenditure)/income		(1,734)	926	(809)	(634)
Other recognised gains/(losses):					
Pension surplus/(deficit)	11.21	2,779	-	2,779	294
Net movement in funds		1,044	926	1,970	(340)
Reconciliation of funds:					
Total funds brought forward		7,769	3,138	10,907	11,247
Total funds carried forward		8,813	4,064	12,877	10,907

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

7 Charity Statement of Financial Activities (incorporating the income and expenditure account)

For year ended 31 March 2024

		Unrestricted funds	Restricted funds	2024 total	2023 total
	Note	£000	£000	£000	£000
Income from:					
Other trading activities	11.3.1	477	-	477	325
Investments	11.3.2	475	-	475	468
Charitable activities	11.3.4	2,552	6,575	9,127	9,522
Total income		3,504	6,575	10,079	10,315
Expenditure on:					
Raising funds	11.4.2	11	-	11	15
Charitable activities	11.5.2	5,180	5,649	10,830	10,935
Total expenditure		5,191	5,649	10,841	10,950
Net (expenditure)/income		(1,687)	926	(762)	(635)
Other recognised gains/(losses):					
Pension surplus/(deficit)	11.21	2,779	-	2,779	294
Net movement in funds		1,091	926	2,017	(341)
Reconciliation of funds:					
Total funds brought forward		7,065	3,138	10,203	10,544
Total funds carried forward		8,156	4,064	12,220	10,203

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

8 Group Balance Sheet

As at 31 March 2024

	Note	£000	2024 £000	2023 £000
Fixed assets				
Tangible assets	11.10.1		14,319	14,355
Current assets				
Stocks		63		72
Debtors	11.12	2,211		2,271
Cash at bank and in hand		491		1,612
		<u>2,765</u>		<u>3,955</u>
Creditors: amounts falling due within one year	11.13.1	<u>(4,207)</u>		<u>(4,567)</u>
Net current liabilities			(1,442)	(612)
Creditors: amounts falling due after one year	11.14		-	(120)
Net assets excluding pension liability			<u>12,877</u>	<u>13,623</u>
Defined benefit pension scheme liability	11.16		-	(2,716)
Net assets			<u><u>12,877</u></u>	<u><u>10,907</u></u>
Funds				
Unrestricted funds	11.19		8,813	7,769
Restricted funds	11.18		4,064	3,138
Total funds			<u><u>12,877</u></u>	<u><u>10,907</u></u>

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

.....
Diana Murray – Chair

Date:

.....

.....
Susan Watts - Trustee

Date:

.....

9 Charity Balance Sheet

As at 31 March 2024

	Note	£000	2024 £000	£000	2023 £000
Fixed assets					
Tangible assets	11.10.1		14,261		14,281
Investments	11.11		39		39
			<u>14,300</u>		<u>14,320</u>
Current assets					
Stocks		11		9	
Debtors	11.12	2,052		2,556	
Cash at bank and in hand		379		477	
		<u>2,442</u>		<u>3,042</u>	
Creditors: amounts falling due within one year	11.13.1	<u>(4,522)</u>		(4,323)	
Net current liabilities			(2,080)		(1,281)
Creditors: amounts falling due after one year	11.14		-		(120)
Net assets excluding pension liability			12,220		12,919
Defined benefit pension scheme liability	11.16		-		(2,716)
Net assets			<u>12,220</u>		<u>10,203</u>
Funds					
Unrestricted funds	11.19		8,156		7,065
Restricted funds	11.18		4,064		3,138
Total funds			<u>12,220</u>		<u>10,203</u>

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

.....
Diana Murray – Chair

Date:

.....

.....
Susan Watts - Trustee

Date:

.....

10 Group and Charity Statement of Cash Flows

As at 31 March 2024

		Group	Group	Charity	Charity
		2024	2023	2024	2023
	Note	£000	£000	£000	£000
Net cash (outflow)/inflow from operating activities	11.20	(45)	(647)	970	(520)
Cash flows from investing activities:					
Purchase of tangible fixed assets		(955)	(489)	(947)	(475)
Net cash outflow from investing activities:		(955)	(489)	(947)	(475)
Cash flows from financing activities:					
Proceeds from new loans		-	120	-	120
Repayments of borrowing		(120)	(120)	(120)	(120)
Net cash outflow from financing activities:		(120)	-	(120)	-
Net (decrease)/increase in cash and cash equivalents		(1,120)	(1,136)	(97)	(995)
Cash and cash equivalents at beginning of the year		1,611	2,747	476	1,471
Cash and cash equivalents at end of the year		491	1,611	379	476

11 Notes to the Financial Statements

For the year ended 31 March 2024

11.1 Accounting Policies

11.1.1 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.

11.1.2 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.

11.1.3 Going Concern

Despite a challenging year to March 2024, 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 is monitored on a daily, monthly, and quarterly basis. It is discussed regularly at Finance Committee and with the directors 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 for the main part around the Reserves Policy level of £1.2M but finished the year below it with the year-end balance recorded at £0.5m. As per the whole sector, SAMS was affected by the sharp rise in inflation and cost of living without seeing a commensurate rise in Research funding. SAMS still maintains its overdraft facility of £750k.

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.

11.1.4 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 2024. Intra-group income, expenditure, surpluses, and deficits are eliminated fully on consolidation.

11.1.5 Income

Income is recorded when the charity becomes entitled, its receipt becomes probable, and the amount can be measured reliably.

11.1.5.1 Income from Other Trading Activities

Income from Other Trading Activities includes Income from Consultancy, Seaweeds, Marine Mammals, and Depomod, Rental income and Tenant Services.

11.1.5.2 Income from Investment Activities

Investments in the year consisted of profit gift aided from its subsidiaries SAMS Applied Marine Science Enterprise Limited and SAMS Limited

11.1.5.3 Income from Charitable Activities

Income from Charitable Activities includes Education and Knowledge transfer Grants, Research Income, National Capability, SIMBA units and Components.

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 9% (2023 - 13%).

11.1.6 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.

11.1.7 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.

11.1.8 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.

11.1.9 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.

11.1.9.1 *Financial assets – impairment*

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

11.1.9.2 *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.

11.1.10 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.

11.1.11 Cash and Cash Equivalents

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

11.1.12 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.

The group does not have assets under finance leases.

11.1.13 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.

Where 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 (CSPS) 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 11.21.

11.1.14 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.

11.1.14.1 Financial liabilities - recognition

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.

11.1.14.2 Financial liabilities – derecognition

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

11.1.15 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.

11.1.16 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.

11.1.17 Fund Accounting

11.1.17.1 Restricted Funds

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. Costs are charged against the specific fund in line with donor wishes.

11.1.17.2 Unrestricted Funds

The part of the Charity's funds that are not restricted or designated to any particular purpose.

11.2 Critical accounting judgment 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:

11.2.1 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 £nil (2023 - £2,716k).

11.2.2 Recoverability of intergroup 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 (2023: £39k) and the net carrying value of intra-group balances is a creditor of £335k (2023: Debtor: £526k).

11.3 Income

11.3.1 Income from other trading activities (group and charity)

Total group income from other trading activities was £2,298k (2023 - £2,146k) and total charity income from other trading activities was £477k (2023 - £325k). Included in group and charity income was restricted income of £nil (2023 - £6k).

11.3.2 Income from investments (group and charity)

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 £475k (2023 - £468k).

11.3.3 Income from charitable activities (group)

	Unrestricted funds £000	Restricted funds £000	2024 total £000	2023 total £000
Education and knowledge transfer grants	740	900	1,640	1,259
Research income, national capability, and facilities	1,136	5,675	6,811	7,524
SIMBA units and components	261	-	261	275
	<u>2,137</u>	<u>6,575</u>	<u>8,712</u>	<u>9,058</u>

Group income from charitable activities was £8,712k (2023 - £9,058k) of which £2,137k (2023 - £1,963k) was unrestricted and £6,575k (2023 - £7,095k) was restricted.

Government grants included in the income above are as follows:

	2024	2023
	£000	£000
United Kingdom Research & Innovation	3,920	4,560
European Union	551	657
Enterprise Schemes	910	72
Scottish Funding Council	1,918	1,419
	<u>7,299</u>	<u>6,708</u>

11.3.4 Income from charitable activities (charity)

	Unrestricted	Restricted	2024	2023
	funds	funds	total	total
	£000	£000	£000	£000
Education and knowledge transfer grants	712	900	1,612	1,259
Research income, national capability, and facilities	1,840	5,675	7,515	8,263
	<u>2,552</u>	<u>6,575</u>	<u>9,127</u>	<u>9,522</u>

Charity income from charitable activities was £9,127k (2023 - £9,522k) of which £2,552k (2023 - £2,427k) was unrestricted and £6,575k (2023 - £7,095k) was restricted.

Government grants included in the income above are as follows:

	2024	2023
	£000	£000
United Kingdom Research & Innovation	3,850	4,560
European Union	551	657
Enterprises Schemes	910	72
Scottish Funding Council	1,890	1,419
	<u>7,201</u>	<u>6,708</u>

11.4 Expenditure on raising funds.

11.4.1 Expenditure on raising funds (group)

	Unrestricted funds £000	Restricted funds £000	2024 total £000	2023 total £000
Marketing, publications, and newsletters	11	-	11	15

Expenditure on raising funds was £11k (2023 - £15k). This expenditure was unrestricted in full in both years.

11.4.2 Expenditure on raising funds (charity)

	Unrestricted funds £000	Restricted funds £000	2024 total £000	2023 total £000
Marketing, publications, and newsletters	11	-	11	15

Expenditure on raising funds was £11k (2023 - £15k). This expenditure was unrestricted in full in both years.

11.5 Expenditure on charitable activities

11.5.1 Expenditure on charitable activities (group)

	Unrestricted funds £000	Restricted funds £000	2024 total £000	2023 total £000
Staff costs (note 11.8) £62k adj included here however does not match	3,447	3,686	7,133	7,062
Governance costs note 11.8?	28	-	28	36
Other costs (everything other than governance and marketing)	2,683	1,963	4,646	4,725
	<u>6,158</u>	<u>5,649</u>	<u>11,808</u>	<u>11,823</u>

Expenditure on charitable activities was £11,808k (2023 - £11,823k) of which £6,158k (2023 - £6,062k) was unrestricted and £5,649k (2023 - £5,761k) was restricted.

11.5.2 Expenditure on charitable activities (charity)

	Unrestricted funds £000	Restricted funds £000	2024 total £000	2023 total £000
Staff costs (note 11.8) £62k adj included here however does not match	3,168	3,686	6,854	6,836
Governance costs note 11.8?	28	-	28	30
Other costs (everything other than governance and marketing)	1,984	1,963	3,947	4,069
	<u>5,180</u>	<u>5,649</u>	<u>10,830</u>	<u>10,935</u>

Expenditure on charitable activities was £10,830k (2023 - £10,935k) of which £5,180k (2023 - £5,174k) was unrestricted and £5,649k (2023 - £5,761k) was restricted.

11.6 Net (Expenditure)/Income for the Year

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
This is stated after charging/crediting:				
Auditor remuneration:				
Audit	29	28	18	17
Other Services	7	4	3	2
Depreciation and (gains)/losses on disposals	991	941	967	923
Operating lease charges	156	59	105	41
Foreign exchange loss / (gain)	(24)	139	(23)	129

11.7 Remuneration of the members of the Board and key management personnel

Fourteen non-executive Board Members received £10,592 (2023 - £5,119), 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:

		2024	2023
		£000	£000
Mr John MacKerron	Audit	-	2
		-	2

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:

	Group 2024 £000	Group 2023 £000	Charity 2024 £000	Charity 2023 £000
Key Management Personnel	981	987	981	987

There are no additional related party transactions to be disclosed.

11.8 Analysis of Staff Costs

	Group 2024 £000	Group 2023 £000	Charity 2024 £000	Charity 2023 £000
Wages and salaries	5,608	5,562	5,356	5,361
Social security costs	509	514	487	496
Pension costs	944	922	925	907
	7,061	6,998	6,768	6,764

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

	Group 2024 Number	Group 2023 Number	Charity 2024 Number	Charity 2023 Number
Administration	76	73	69	69
Research	91	90	86	85
Technical	49	53	48	53
	216	216	203	207

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:

	2024	2023
	Number	Number
£60,000 - £69,999	5	3
£70,000 - £79,999	3	2
£80,000 - £89,999	1	2
£90,000 - £99,000	1	-
£120,000 - £129,999	-	1
£130,000 - £139,999	1	-

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

11.9 Expenditure

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
<i>Activities in furtherance of charitable activities</i>				
Administration	3,048	2,990	2,761	2,766
Research	3,002	2,963	3,002	2,963
Technical	1,076	1,008	1,076	1,008
	<u>7,126</u>	<u>6,961</u>	<u>6,839</u>	<u>6,737</u>
Scientific consumables	2,029	2,371	2,370	2,583
Support costs	2,250	2,094	1,515	1,514
Depreciation unfunded	414	412	117	116
Total	<u>11,819</u>	<u>11,838</u>	<u>10,841</u>	<u>10,950</u>
<i>Support costs</i>				
Utilities	944	642	744	580
Property maintenance, service and cleaning	343	289	354	286
Communications	28	31	28	31
Directorate	271	115	271	115
Health and safety	53	50	53	50
ITC costs	144	144	136	142
Ocean Explorer Centre	1	1	1	1
Vehicles	26	28	22	25
Other	440	794	(94)	284
Total	<u>2,250</u>	<u>2,094</u>	<u>1,515</u>	<u>1,514</u>

11.10 **Tangible Fixed Assets**
 11.10.1 **Tangible Fixed Assets (group)**

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
Cost					
At 1 April 2023	-	20,604	558	13,438	34,600
Additions	259	232	-	464	955
Transfer	-	-	-	-	-
At 31 March 2024	259	20,836	558	13,902	35,555
Depreciation					
At 1 April 2023	-	7,673	542	12,030	20,245
Charge for the year	-	432	5	554	991
At 31 March 2024	-	8,105	547	12,584	21,236
Net book value					
At 31 March 2024	259	12,731	11	1,318	14,319
At 31 March 2023	-	12,931	16	1,408	14,355

11.10.2 Tangible Fixed Assets (charity)

	Assets under construction £000	Property £000	Vessels and vehicles £000	Fittings and equipment £000	Total £000
Cost					
At 1 April 2023	-	20,588	558	13,074	34,220
Additions	259	232	-	456	947
Transfer	-			-	-
At 31 March 2024	259	20,820	558	13,530	35,167
Depreciation					
At 1 April 2023	-	7,673	542	11,724	19,939
Charge for the year	-	432	5	530	967
At 31 March 2024	-	8,105	547	12,254	20,906
Net book value					
At 31 March 2024	259	12,715	11	1,276	14,261
At 31 March 2023	-	12,915	16	1,350	14,281

The value of capital commitments at 31 March 2024 was £568k (2023 - £175k).

11.11 Investments

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Subsidiaries	-	-	39	39
Other fixed asset investment	-	-	-	-
	-	-	39	39

11.11.1 Other fixed asset investment (group)

	2024	2023
	£000	£000
Cost at 1 April	53	53
Impairment	(53)	(53)
Net book value at 31 March	-	-

11.11.2 Subsidiary undertakings (charity)

	Voting holding	Shares held	Nature of business
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

11.11.3 Performance of the subsidiaries

	SAMS Applied Marine			
	Science Limited	Enterprise	SAMS Limited	
	2024	2023	2024	2023
	£000	£000	£000	£000
Turnover	1,962	2,021	322	194
Cost of sales	(1,567)	(1,473)	(95)	(73)
Gross profit	395	548	227	121
Administrative expenses	(191)	(191)	(10)	(10)
Profit before taxation	204	357	217	111
Tax on profit	-	-	-	-
Profit for the year	204	357	217	111
Net assets	459	620	232	125

11.12 Debtors

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade debtors	728	607	461	341
Prepayments and accrued income	1,480	1,659	1,443	1,642
Amounts owed by group undertakings	-	-	146	568
Other debtors	3	5	2	5
	2,211	2,271	2,052	2,556

11.13 Creditors amounts falling due within a year.**11.13.1 Creditors amounts falling due within one year.**

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loan (note 11.15)	-	-	-	-
Payments received in advance	2,702	3,634	2,634	3,434
Amounts owed to group undertakings	-	-	481	-
Taxation and social security	159	172	154	165
Sundry creditors and accruals	1,346	761	1,253	724
	4,207	4,567	4,522	4,323

**11.13.2 Creditors amounts falling due within one year
 analysis of payments received in advance.**

Analysis of payments received in advance:

	Brought forward	Released during the year	Deferred this year	Carried forward
	£000	£000	£000	£000
Group				
2024	3,634	(2,626)	1,694	2,702
2023	4,319	(5,831)	5,146	3,634
Charity				
2024	3,434	(2,198)	1,398	2,634
2023	4,188	(5,473)	4,720	3,434

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.

11.14 Creditors amount falling due after one year.

	Group 2024 £000	Group 2023 £000	Charity 2024 £000	Charity 2023 £000
UHI loan (note 11.15)	-	120	-	120

11.15 Loans and overdrafts

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
UHI loan	-	120	-	120
Within one year	-	-	-	-
Within two to five years	-	120	-	120
	-	120	-	120

The Company has fully settled the loan amount of £120k during the year, which was received from University of the Highlands and Islands as a repayable grant.

The company has an unutilised overdraft facility of £750k as of 31st March 2024, with the Dunstaffnage Laboratory main building held as security.

11.16 Provision for liabilities

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Pension deficit obligations (note 11.21)	-	2,716	-	2,716

11.17 Other financial commitments

At 31 March 2024, the company had commitments under non-cancellable operating leases as set out below:

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£000	£000	£000	£000
Within one year	164	49	147	14
Within two to five years	5	30	5	12
	169	79	152	26

11.18 **Restricted funds**

	At 1 April 2023 £000	Income £000	Expenditure £000	At 31 March 2024 £000
Group				
Fixed asset funds	771	388	(578)	581
Research projects	2,367	6,187	(5,071)	3,483
	<u>3,138</u>	<u>6,575</u>	<u>(5,649)</u>	<u>4,064</u>
Charity				
Fixed asset funds	771	388	(578)	581
Research projects	2,367	6,187	(5,071)	3,483
	<u>3,138</u>	<u>6,575</u>	<u>(5,649)</u>	<u>4,064</u>

	At 1 April 2022 £000	Income £000	Expenditure £000	At 31 March 2023 £000
Group				
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>3,138</u>
Charity				
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>3,138</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.

11.19 Analysis of liabilities between funds

	Unrestricted funds £000	Restricted funds £000	Total £000
Group (2024)			
Fixed assets	13,738	581	14,319
Net current liabilities	(4,925)	3,483	(1,442)
	<u>8,813</u>	<u>4,064</u>	<u>12,877</u>
Group (2023)			
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>
Charity (2024)			
Fixed assets	13,719	581	14,300
Net current liabilities	(5,563)	3,483	(2,080)
	<u>8,156</u>	<u>4,064</u>	<u>12,220</u>
Charity (2023)			
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>

11.20 Notes on statement of cashflows – cash generated from operations.

	Group 2024 £000	Group 2023 £000	Charity 2024 £000	Charity 2023 £000
Net (expenditure)	(809)	(634)	(762)	(635)
Depreciation	991	941	967	923
Defined benefit pension charge/(credit)	62	96	62	96
(Increase)/decrease in stock	9	9	(2)	(2)
(Increase)/decrease in debtors	60	(143)	505	112
(Decrease) in creditors	(359)	(916)	200	(1,014)
Net cash (outflow) inflow from operating activities	(45)	(647)	970	(520)

11.21 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 Environment 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 (CSPS) 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 £34k in the year (2023 - £31k). There were £3k of outstanding contributions at 31 March 2024 (2023 - £nil).

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 £124k (2023 - £132k). At the year-end there was an accrual of £16k in respect of employer and employee contributions at year end (2023 - £18k).

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

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

SAMS is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. Between April 2023 to December 2023, the percentage was 21.6% and from January 2024 to March 2024, the percentage was 14.5% (April 2022 and March 2023 - 21.6%).

The total cost charged to the statement of financial activities is ~~£706k~~ (2023 - £743k) included as part of note 5. Deficit recovery contributions due within one year for the institution are £nil (2023 - £213k). At the year-end there was an accrual of £71k in respect of employer and employee contributions at year end (2023 - £99k). 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.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. SAMS recognises a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the Statement of Financial Activities.

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 result 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 scheme valuation shows a net asset position as at 31 March 2024. On the basis that SAMS is not expecting any future benefit from the scheme, the asset has not been recognised and so the amount recognised on the balance sheet at 31 March 2024 amounted to £nil (2023 - £2,716k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2023 (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 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their

technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 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

CPI Assumption	Term dependent rates in line with the difference between the Fixed interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed Interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% 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 2023 actuarial valuation. The mortality assumptions used in these figures are:

2023 valuation mortality base table	101% of S2PMA "light") for males and 95% of S3PFA for females
-------------------------------------	---

Future improvements to mortality: CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa, 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required from the 2023 valuation, because the scheme was in surplus. Changes to contribution rates were implemented from 1 January 2024 and from that date the scheme was no longer required to make deficit recovery contributions. The remaining liability of ~~£2,779k~~ was released to the statement of financial activities.

The provision figures have been produced using the following assumptions as at 31 March 2024

	2024	2023
Discount rate	n/a	5.52%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	n/a	3.50%

In order to calculate the asset/(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 asset/(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 and base pensionable payroll amount.

The total amount credited to the Statement of Financial Activities is ~~£2,779k~~ (2023 - £294k credit) of which £2,779k (2023 - £294k) is disclosed for the charity and the group as other recognised gains and losses. A total of ~~£224k~~ (2023 - £97k) 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.

11.22 Financial instruments

	Group 2024 £000	Group 2023 £000	Charity 2024 £000	Charity 2023 £000
Carrying amount of financial assets				
Measured at amortised cost	731	612	609	914
Carrying amount of financial liabilities				
Measured at amortised cost	1,346	761	1,734	724

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

11.23 Related party transactions

SAMS is a constituent partner of the University of the Highlands and Islands (UHI). During the year ended 31 March 2024, income of £1,951k (2023 - £1,380k) was received from UHI in relation to higher education activities and payments of £54k (2023 - £22k) were made to UHI. Amounts due from UHI at 31 March 2024 were £191k (2023 - £101k) and amounts due to UHI were £19k (2023 - £nil).