

Company number: 09644797
Charity Number: 01162666

Nekton Foundation

Report and financial statements
For the year ended 31 December 2019

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Nekton Foundation

Reference and administrative information

For the year ended 31 December 2019

Company number 09644797

Charity number 01162666

Registered office and operational address Begbroke Science Park
Begbroke Hill
Woodstock Road
Begbroke
OX5 1PF

Country of registration England & Wales

Country of incorporation The United Kingdom

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Chair:	Rupert Grey
Trustees:	Nigel Winsor (Vice Chair, resigned 28 November 2019)
	Professor Alex Rogers (resigned 2 July 2019)
	Juliet Burnett
	Paul Jardine
	Captain Paul Crowther (Vice Chair from 28 November 2019)
	Emily Penn
	Professor Callum Roberts (appointed 30 January 2019)
	Robert McCallum (appointed 30 January 2019)
	Vanessa Rice (appointed 16 May 2019)
	Will Goodlad (appointed 13 February 2020)

Key management personnel

Chief Executive:	Oliver Steeds
Finance & Operations Controller:	Alex Murphy
Head of Communications	Lisa Hynes
Principal Scientist:	Dr. Lucy Woodall

Bankers Royal Bank of Scotland
1st Floor, Houblon House
62-63 Threadneedle Street
London
EC2R 8HP

Reference and administrative information

For the year ended 31 December 2019

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1B

Blake Morgan
Apex Plaza,
Forbury Road,
Reading
RG1 1AX

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

Nekton Foundation – Trustees’ Annual Report – For the year ended 31 December 2019

The trustees present their report and the audited financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

1. Objectives and activities

1.1 Purposes and aims

Nekton Foundation is a marine research institute dedicated to exploring and conserving the ocean, the least known frontier on our planet. By understanding how the oceans are changing due to human impacts and promoting awareness of marine science through communications and education, we seek to catalyse improved ocean stewardship.

Our charitable objects as set out in our governing document are to promote and advance education in the conservation, protection and improvement of the environment.

Nekton’s mission is to accelerate the scientific exploration and protection of the ocean. To ensure a resilient and prosperous ocean, we need at least 30% of the ocean protected by 2030. We can’t protect what we don’t know.

We work with and on behalf of ocean nations who are committed to improving the prosperity, resilience and sustainable governance of their ocean.

Each project (or ‘Mission’) is co-developed and co-delivered with the Government, academic, civil society and media partners of each host nation. Each Mission combines applied research, knowledge exchange, ocean policy and inspirational public engagement activities to achieve maximum impact. All data and biological specimens are owned and vested by the host nation.

i. **Applied Research:**

To inform & catalyse ocean policy through:

- Generating new multi-disciplinary marine datasets for accurate marine spatial planning.
- Determining conservation priorities for marine protected areas.
- Establishing scientific baseline of marine life and ocean health for long-term monitoring and management.
- Curation and open access publication of all data.

ii. **Knowledge Exchange:**

To create a legacy of leadership, skills, knowledge and network within the host nation and empower long-term sustainable ocean governance through:

- Marine Research & Ocean Management Grants.
- Field research participation and leadership.
- Marine research, ocean management and taxonomic training and workshops with international experts.
- Co-produced knowledge sharing publications and conservation tools.

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- Fellowships for early career scientists to University of Oxford.

iii. **Inspirational Public Engagement:**

To inspire and engage host nation, regional and international audiences, host nation scientists lead all communications activities to amplify ocean awareness serving to:

- Promote sustainable marine tourism and a pillar of the Blue Economy.
- Strengthening the public mandate for political action.
- Creating a new cadre of Ocean Leaders in the local, regional and international spotlight.

In addition, we undertake specific, mutually supportive initiatives (*‘Innovation Projects’*) targeted to accelerate the process of scientific discovery and sustainable ocean governance.

These include:

- **Ocean Data:** increasing marine data accessibility and usability (through OCTOPUS – the Ocean Tool for Public Understanding and Science).
- **Technology:** pioneering technological advances to support acceleration of scientific research.
- **Yachts for Science:** matching scientists with vessels of opportunities.

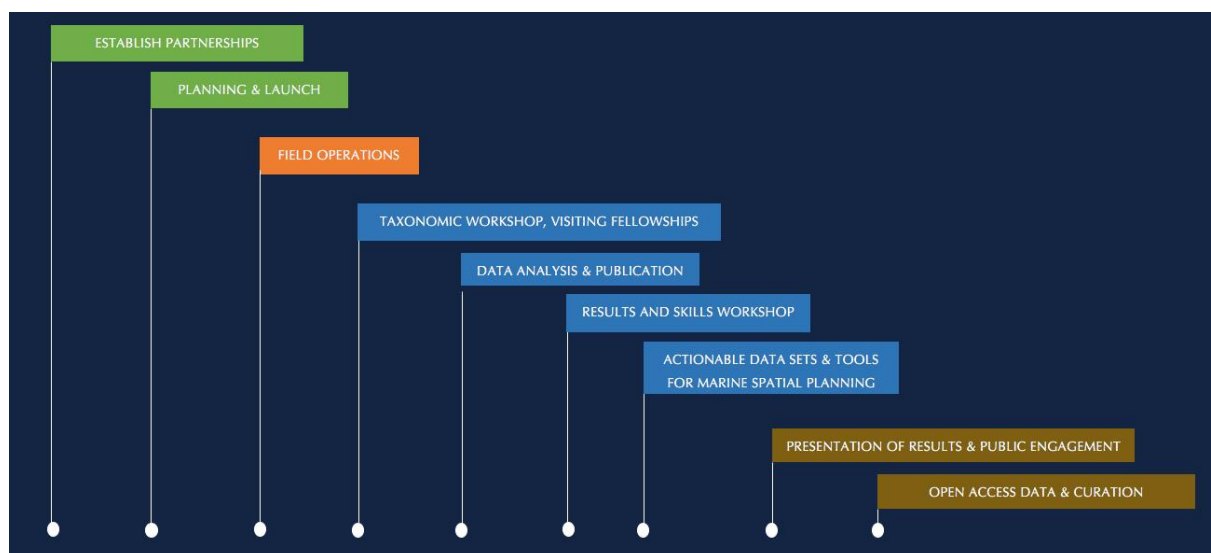
Nekton’s operations are aligned to support the implementation of the UK Government’s Marine Policy, United Nation’s Sustainable Development Goal 14, The Commonwealth Blue Charter and the recommendations of the Global Ocean Commission.

Working in Partnership: We work in partnership with an Alliance of world leading organisations across marine science, ocean policy, business, communications and civil society to deliver our objectives.

Funding & Business Model: We are funded through an Alliance of Mission, Strategic and Founding Partners and philanthropic grants and donations. We implement our operations with our Strategic and Collaborating partners who share a common purpose to explore and protect the ocean.

1.2 Nekton’s Mission Strategy & Schedule

To achieve our Mission objectives, Nekton deploys the following strategy and schedule:



Each Mission follows a structured schedule over a minimum of an initial 2 year period designed to generate rapid results for ocean governance and management:

- **Establish Partnerships:** Across marine science, knowledge exchange, public engagement, ocean policy and management.
- **Planning & Launch:** determining needs and priorities to subsequently co-define objectives, strategy, roles, critical path, key performance indicators, research locations, cruise plans, marine datasets for ocean management. Public launch of Mission and Knowledge Exchange Program (including Grants & Fellowships) and Aquanaut Programme for host nation scientists.
- **Field Operations:** co-delivered by host nation partners with Nekton and Nekton’s Alliance of international partners including from research, subsea technology, media and civil society.
- **Taxonomic Acceleration Workshop, Visiting Fellowships:** host nation scientists and international experts join forces to accelerate the identification of specimens and provide training. Visiting Fellowships for early career scientists to international research institutes.
- **Data Analysis and Publication:** A series of networked laboratories, combining host nation research centres with Nekton’s laboratories and participating global institutes, collaborate on data analysis and publication, drawing on world-class expertise to develop capacity and accelerate findings.
- **Results & Skills Workshop:** Partners convene to share discoveries and draw conclusions to inform ocean policy, management and governance outcomes and further steps towards long-term knowledge exchange.
- **Actionable Datasets & Tools:** defined, generated and presented to inform marine spatial planning including new bathymetric data, species guides and ecosystem assessments.
- **Presentation of Results & Public Engagement:** National ocean symposium presenting data, publications, reports and films from the Mission to the Government, partners and general public.
- **Open access data & curation:** All data is archived and provided open-access on major ocean data platforms (subject to government approval) and all specimens curated in permanent collections in host nations (or with regional partner institutions if required).

2. Achievements and performance

Nekton’s main activities in 2019 were centred on launch and implementation of First Descent: Indian Ocean and the first Mission to Seychelles.

In addition, we participated in research expeditions to the Weddell Sea, Antarctica, concluded research and publications associated with Mission 1: XL Catlin Deep Ocean Survey (Bermuda & NW Atlantic), delivered progress on sustainable ocean governance (Bermuda, Seychelles, Maldives), launched a new initiative ‘Yachts for Science’ and continue development of ocean data (Octopus) and marine research (‘GOSSIP’) projects.

2.1 FIRST DESCENT: INDIAN OCEAN

2.1.1 Overview

‘First Descent: Indian Ocean’ is a series of missions undertaken by Nekton in partnership with Governments in the Indian Ocean region to catalyse 30% protection by 2030. First Descent begins in Seychelles with the initial phase of activities completing in October 2022 with a regional Summit.

Each mission combines national commitments to ocean protection, marine spatial planning, applied research to inform ocean policy, investments in knowledge exchange and inspirational communications to strengthen the public mandate for political action.

[Watch](#) launch film: narrated by Morgan Freeman.

2.1.2 Why the Indian Ocean?

Already home to nearly 2.7 billion people with an average age under 30, by 2050, ‘the Ocean of the Centre’ will be home to half of the world’s population.

It’s a thoroughfare for half of the world’s container ships, one-third of the world’s bulk cargo traffic, 80% of the world’s oil shipments and produces nearly 40% of offshore petroleum. Through global trade, industry, labour, environment and security, the region plays a critical role in shaping the 21st Century.

The coastal states continue to grow, driving increased pollution, rapid coastal development and it remains one of the few places where exploitation of marine life is still growing (FAO, 2016). Awareness of the harm being done to marine ecosystems, the benefits they provide to local people, and the damage to biodiversity are low in many coastal states. Added pressures are mounting from international fishing fleets and with a seabed rich in nickel, copper, cobalt, and potentially rare-earth metals, it is increasingly in the crosshairs of India, China and others.

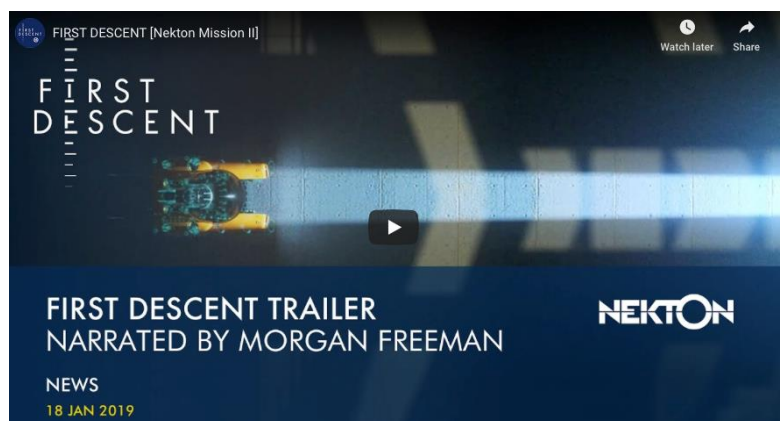
The Indian Ocean’s future is uncertain, and it remains one of the least protected oceans on the planet. In 2014, Indian Ocean nations identified the development of the Blue Economy as the top priority for generating jobs, food security, poverty alleviation, and ensuring sustainability.

2.1.3 Project outcomes

- **Protection 30 X 30:** 3 nations committed to and implementing ambitious plans for ocean protection and sustainable ocean governance providing the economic, political and scientific case for a resilient and prosperous Indian Ocean and sustainable blue economy.
- **Political Leadership:** 3 Heads of State uniting to galvanise a regional strategy for 30 x 30. Scientific knowledge: 60+ scientific papers incl. on biodiversity, fisheries, climate change and pollution creating a new baseline of marine life and human activities to inform the scientific consensus on the State of the Indian Ocean.

"How the Indian Ocean changes in the coming decades will profoundly affect the lives, livelihoods and wellbeing of the 2.5 billion of us living in the region. Nekton's work in the Indian Ocean is critical to galvanising action to ensure we restore the health and prosperity of our ocean and our blue economies".

Danny Faure, President of Seychelles



"I am incredibly proud of the partnership we are developing with Nekton. All the data from Nekton's missions will enable us to make better policies, make better choices and hopefully not make the same mistakes in our ocean that we have already made on land."

Baroness Scotland, Commonwealth Secretary General

- **Galvanizing ocean conservation awareness** amongst the host nations, across the Indian Ocean and internationally to generate the public mandate for political action.
 - **Network of Innovation and Excellence:** a cadre of Indian Ocean leaders with capacity, skills and knowledge across marine science, ocean conservation and management, ocean literacy and public and political engagement to support the implementation of 30 x 30.
 - **Regional Marine Spatial Plan:** an accurate and cost-effective marine spatial plan for the entire Indian Ocean region including 30% protection (in EEZs and High Seas).
-

2.2 FIRST DESCENT: SEYCHELLES

*‘We are running out of excuses to not take action, and running out of time....
the time to act is now.’*

- H.E. Danny Faure, President of Seychelles,

124m below the ocean surface, Nekton Mission, April 14th 2019

2.2.1 Overview

First Descent: Seychelles is the first in a series of missions with ocean nations in the Indian Ocean that concludes with a regional summit in 2022 to galvanise 30% protection by 2030. Seychelles are a beacon and bellwether for ocean conservation in the Indian Ocean and globally.

Working for and with the Government of Seychelles, First Descent: Seychelles combines applied research, knowledge exchange and public engagement activities to support the Government’s commitments to protect over 400,000km² - 30% of their ocean territory and the sustainable development of their Blue Economy.

The objectives and outcomes are co-defined and co-delivered with Seychelles partners and combine applied science, ocean policy, public engagement and knowledge exchange initiatives. All data is owned and vested in Seychelles.

2.2.2 Seychelles Partners

- **Government:** Office of the President; Ministries of i) Environment, Energy and Climate Change, ii) Education, iii) Blue Economy and iv) Tourism.
- **Academic:** National Institute for Science, Technology and Innovation (NISTI); University of Seychelles (UniSey).
- **Civil Society:** Island Conservation Society (ICS), Seychelles Island Foundation (SIF), Marine Conservation Society Seychelles (MCCS), The Nature Conservancy (TNC), Seychelles Conservation & Climate Change Adaptation Trust (SeyCATT).
- **Parastatal:** Seychelles Fishing Authority (SFA), Seychelles Broadcasting Corporation (SBC).

2.2.3 Applied Research

Very little systematic research has been undertaken beneath 30metres (scuba depth) across Seychelles’ vast ocean territory of 1.37 million km². Co-defined and co-delivered with the Government of Seychelles, the research goals are to contribute to marine spatial planning being conducted by The Nature Conservancy and help establish a baseline that includes data from depth about marine life and ocean health. Field research was conducted in March and April 2019 and focused on understanding how and why

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biological communities change across depth and geography. The deeper reef habitats, that were a primary focus, are home to a high diversity of organisms but are being impacted by human activities. Over 300 deployments of scientific research equipment were conducted utilising 21 different research technologies.

Samples and data ownership: 1200+ samples were collected, 30million m² of new high resolution 3D seabed maps were created and 20TB of data collected. Samples and data is owned and vested in Seychelles and covered by a Material Transfer Agreement (MTA) with the Government of Seychelles.

Analysis: Since returning from field operations, the team undertook analysis of the data with a network of scientists from 16 different institutes including from Seychelles, South Africa, the U.K. and U.S.A. Publications will begin in 2020.

2.2.4 Knowledge Exchange

To support the development of long-term sustainable ocean governance, a knowledge exchange initiative was co-defined and co-created with Seychelles partners including:

Mission Participation: During the field operations, 10 Seychellois participated including undertaking research dives in the submersibles.

Grants: A new Grant programme was established and launched with the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) to fund six Seychellois researchers to conduct innovative deep-sea research in Seychelles. Grants were provided to scientists from Seychelles Fishing Authority (SFA), Ministry of Energy, Environment and Climate Change, (MEECC), Seychelles Islands Foundation (SIF), and the Island Conservation Society (ICS). Read more: *“Creating a legacy of marine science and ocean management (with SeyCCAT)”*

Indian Ocean Taxonomy Symposium was held at South African Institute of Aquatic Biodiversity (SAIAB) in September 2019 to accelerate the identification of species discovered during field research and train the next generation of early career researchers. 23 people (13 experts, 10 trainers) participated and 9 lectures were given.

Fellowships: the first Seychellois scientists began Fellowships at the University of Oxford – in partnership with Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) and the Africa Oxford Initiative (AfOx). Read more: *“Seychellois women awarded fellowships to Oxford to advance study of marine science (Seychelles News; Watch: Jennifer Appoo, Sheena Talma)”*

2.2.5 Public Engagement

In partnership with Associated Press (Official News Agency Partner), Sky (Official Programming Partner) and Inmarsat (Official Communications Partner), the Mission aimed to amplify ocean awareness, create a new cadre of Seychellois ocean leaders, strengthen public support for ocean policy and promote sustainable marine tourism. Highlights include:

Watch: [Seychelles Mission Trailer](#) (2mins) or [Seychelles Mission Overview](#) (8minutes) with the President of Seychelles.

Launch: at Marlborough House, Pall Mall (Commonwealth HQ), hosted by the Secretary General.



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- 4,391 Broadcast packages air in 140 nations & 15,000 articles in print and digital cover the mission ([CGTN](#), [Euronews](#), [NY Post](#), [SBS](#), [Independent](#))
- ABC’s Good Morning America live from the depths ([ABC](#))
- Scientists believe they found the ‘Twilight Zone’ in Indian Ocean ([Global News](#))
- Blazing a trail in marine conservation ([Radio France International](#) – article & podcast)
- Ground breaking Indian Ocean Science Mission reaches end ([CTV](#))



Advertising value Equivalency: Media monitoring specialists Meltwater estimate the advertising value equivalency (AVE) of \$82.8 million.

Awards: Nekton’s public engagement activities were recognised with the [IBC Award](#) for Innovation, the [Royal Television Society Award](#) and Ocean Awards: Public Engagement Award.

First Descent: Live was broadcast from the Mission’s submersible deep beneath the waves to global audiences by Associated Press. Deep Ocean Live was co-produced with Sky and was the first live subsea documentary series and newscasts. It included broadcasting 7 hours live, over 3 days from the Nekton’s mission to an audience of 110 million in 120 nations.

- *Historic Undersea Broadcast* ([AP](#))
- *Sky News broadcasts under the sea in World First (Sky) & Sky travels 300m under the sea for Deep Ocean Live* ([Sky](#))

President Danny Faure calls on the world to protect the world’s ocean from under the ocean in a Nekton submersible. It was the first live subsea Presidential Address and becomes the biggest news of the day globally.

- *President makes underwater plea to protect the world’s seas* ([New York Times](#));
- *I delivered an underwater speech to protect the oceans. Here’s Why.* ([Washington Post Editorial](#))

Education: Submarine STEM Live was broadcast during the mission with 600,000 students engaged across 16 nations. Read more: *Submarine STEM wins the EdTech’s top [BETT Award](#)*

On the global stage: the team gave a prestigious large Monday Night Lecture at the Royal Geographical Society on 21st October attended by H.E. Danny Faure, President of Seychelles. Other keynotes and presentations about the Mission were given by the team including at the Explorers Club (NYC), Ocean Data Summit (NYC), Global Exploration Summit in Lisbon, World Economic Forum, Africa (South Africa), Teledyne Marine Conference (San Diego), Do Lectures (Wales), FT Weekend Festival, Science Museum, London Shipping Week with Inmarsat, Marine Measurement Forum with Sonardyne and the Commonwealth Innovation Event, Marlborough House, London.

2.2.6 Marine Operations & Technology

Nearly 50 days at sea, covering 2300 nautical miles across 7 key locations, a team of 60 from 14 different nations were aboard the Mothership, the Ocean Zephyr. The vessel was adapted for scientific research and live broadcast including with laboratories, Survey Analysis Centre, ADCP and Underwater Telephone (for submersible), Multibeam & Survey, two submersibles, 2 Remotely Operated Vehicles, Weight Depressor system for live subsea broadcasting, USBL for subsea tracking, 8 live camera positions, networking for

science and media and a Mission Control. Six new technologies and systems were utilised and successfully deployed during the Mission including stereoscopic camera systems, live optical transmission for subsea broadcastings and an ADCP for current measurements.

2.2.7 The Alliance

First Descent: Seychelles is a unique collaboration of 12 Seychellois government, academic and civil society organisations supported by 30 international partners led by Mission Partners Omega and Kensington Tours and Strategic Partners - the Commonwealth, Teledyne Marine (Subsea Technology) Associated Press (News Agency), Sky (News & Media Partner), Inmarsat (Satellite Communications), Helly Hansen (Apparel), Brownies Global Logistics (Submersible Operations). Full details: [Nekton Alliance](#).

2.3. WEDDELL SEA EXPEDITION

The Weddell Sea Expedition 2019 was successfully completed and conducted in partnership with the Flotilla Foundation, Scott Polar Research Institute, Nelson Mandela University, University of Cape Town and the University of Canterbury.

The field operations began in December 2018 and ran through to February 2019. The Expedition explored one of the coldest, harshest and most remote locations in the world, the Weddell Sea off Antarctica, using underwater robots, drones and other state-of-the-art technology. The team aimed to investigate the ice shelves around the Weddell Sea and, in particular, the Larsen C Ice Shelf from which a giant iceberg broke off in July 2017, to document the rich and little-studied marine life of the western Weddell Sea ecosystem, and to attempt to locate and survey the wreck of Sir Ernest Shackleton’s ship ‘*Endurance*’, which was trapped and crushed by the ice and sank in the Weddell Sea in 1915. The vessel was not found on the expedition.



A Nekton team of three scientists led the marine biological research during the Expedition deploying ROVs and AUVs under the ice to gather the first datasets from this part of the world to investigate the impact of climate change on the biology of the region. The Expedition is supported by the Flotilla Foundation and Nekton’s involvement has been made possible by the generosity of the Flotilla Foundation and the Garfield Weston Foundation.

Analysis is still ongoing from the Expedition and will be published in 2020.

2.4. SCIENTIFIC RESEARCH

Nekton combines the Nekton Research Group (University of Oxford), Nekton’s laboratories and Nekton Mission HQ.

2.4.1 Nekton Research Group: Zoology Department, University of Oxford: Throughout 2018, we have strengthened the Nekton Research Group at the Zoology Department, University of Oxford and now includes a team of Post-Doc researchers, geospatial modellers and PhD students.

2.4.2 Mission: XL Catlin Deep Ocean Survey: Bermuda & NW Atlantic 2016-2018: Research and publication from the XL Catlin Deep Ocean Survey Expedition in Bermuda and the North West Atlantic continued with seven new papers published in 2019 bringing the total to 18. Full details of publications available [here](#). All papers are published open access. New discoveries include:

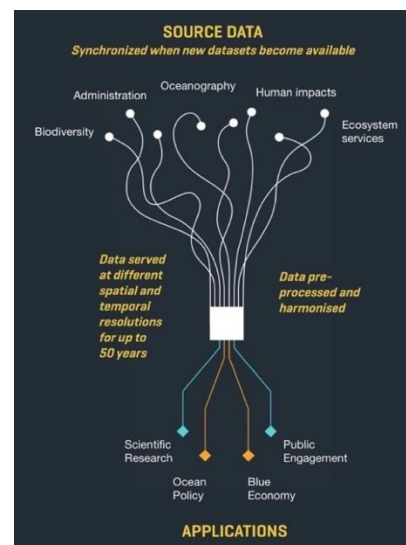
- New species of algae and Gnathia.
- Transoceanic distribution of algae.
- Zooplankton and copepod abundance and variation with depths.
- Depth dependent structuring of reef fish assemblages.
- Confirmation of the discovery of the Rariphotic Zone (130m to 300m depths).
- Biodiversity of Bermuda’s mesophotic coral ecosystems.
- Connectivity of shallow, mesophotic and rariphotic reef zones.
- Biologically unique nature of benthic communities in the mesophotic and Rariphotic zones.

The team also published significant papers on a range of other subjects including marine microplastics, deep-sea anthropogenic macrodebris, and quantification of marine microplastics.

2.4.3 Field Research Protocol: GOSSIP: General Ocean Survey and Sampling Iterative Protocol: The promotion of GOSSIP continued with engagement with international research organisations including NOAA (National Oceanic and Atmospheric Administration). GOSSIP was published on the [Mesophotic.org](#). A new technical guide for support adoption and utilisation of the protocols continued to be developed to be published in 2020. ([full details and films](#))

2.4.4 Ocean Data & Octopus: Following the launch of the Ocean Tool for Public Understanding and Science (OCTOPUS), Octopus has provided a single source to freely access the latest global marine data including on oceanographic observations, biodiversity and human stressors on the ocean. It remains a critical contribution to the global infrastructure for data-driven ocean governance and marine science. Further details [here](#).

The team has been expanded with the addition of a Geospatial Developer and a Marine Geospatial to focus on specific applications of the platform, including i) mapping biodiversity globally to inform the [UN High Level Panel for a Sustainable Ocean Economy](#) (published in Nature in May 2020); ii) Mangrove health and impact from dam building in Eastern Africa; iii) Kelp forests and carbon sequestration in upwelling regions and iv) Biodiversity beyond national jurisdiction to inform the related UN negotiations.



2.5. CATALYSING OCEAN POLICY

Bermuda: Building on the work we undertook in Mission 1 and the science to Policy Recommendations submitted to the Bermudian Government at their request, in June 2019, the Government of Bermuda committed to protecting 20% of its EEZ, some 90,000 sq km of ocean and undertaking a comprehensive marine spatial plan. Read more: “*Marine Sanctuary planned for island* - [BerNews](#)”

Seychelles: data from the mission is being utilised to inform marine spatial planning (lead by TNC), determine conservation priorities for marine protected areas and provide a scientific baseline of marine life and ocean health for long-term monitoring and management. The Government of Seychelles aims to finalise 30% protection of their territorial waters by March 2020.

Maldives: Nekton contributes to the development of the Government of Maldives commitments to ocean protection. At the United General Assembly, the President of Maldives announced a commitment to protect at least 20% of Maldivian ocean. The next Nekton Mission in the Indian Ocean is confirmed as a joint Seychelles-Maldives initiative for 2020.

Western Indian Ocean Summit 2022: Development of the Summit to be held in October 2022 began in partnership with the Government of Seychelles. From 2020, a new regional Alliance of the Heads of Government of the Western Indian Ocean is to be implemented with a goal of establishing an implementation strategy for the sustainable governance of the ocean with a spatial target of 30% by 2030. The intention is for the implementation strategy to be adopted at the Summit in 2022.

2.6. YACHTS FOR SCIENCE

In partnership with Boat International, we launched Yachts for Science to match marine scientists with private vessels to undertake field research. [Further details](#). 2019 has been a pilot year to test and refine the initiative. An initial 5 matches were completed. In 2020, it will be launched as an independent platform with the capacity to manage a large number of science/yacht projects. Read more: “*Calling All Superyacht owners and crew! Critical ocean research needs your help* ([Boat International](#))”.

2.7. NEKTON ALLIANCE

Nekton’s work in 2019 has been made possible through the generosity and support, financially and in-kind, of our Alliance partners and the efforts and dedication of our staff and advisors. We would like to take this opportunity to thank everyone who has supported our work and the start of the Indian Ocean Mission – First Descent.

- **Founding Partners:** AXA-XL, Kensington Tours, Garfield Weston Foundation
- **Seychelles Partners:** see section 2.2.2.
- **Mission Partners:** Omega and Kensington Tours
- **Strategic Partners:** Teledyne Marine (Official Subsea Technology Partner), Brownies Global Logistics (Official Submersible Operations Partner), Associated Press (Official News Agency Partner), Sky (Official Programming Partner), Inmarsat (Official Satellite Communications Partner).
- **Collaborating Partners:** The Commonwealth; Sonardyne, Bowtech, Reson, Seabotix, Bibby HydroMap, LH Cameras, Triton, ROV Support, RD Instruments, Teledyne PDS, CEFAS (Subsea Technology); Priavo Security (Maritime Security); Technicolor, AXA-XL & Encounter EDU (Education); Oxford University; Institute of Marine Engineering, Science & Technology – IMarEST; EYOS Expeditions (Logistics); Great Campaign (UK Government, Foreign & Commonwealth Office); National Geographic.

3. Beneficiaries of our services

The trustees confirm that they have given due regard to the Charity Commission guidance on public benefit when reviewing the charity’s aims and objectives, planning future strategy and setting policy. The work of the charity plays a key part in understanding and combating the threats to our oceans and provides a radical alternative to traditional, government-led approaches.

Nekton is committed to achieving sustainable ocean governance, through scientific exploration, communications and education, capacity development and policy change.

Our activities benefit marine scientists, with whom we collaborate to exchange knowledge and develop multi-disciplinary practices; and whose work we fund, promote and expedite. Our work benefits educators and the general public, through the production and distribution of engaging educational materials and short films. Our work benefits government and non-governmental policy-makers, tasked with sustainably managing ocean health and resources.

Ultimately we all depend on a healthy and sustainably-managed ocean. The ocean supports millions of livelihoods via fisheries and tourism, regulates climate and plays a major role in carbon capture and storage. This report sets out our activities and achievements to date, and illustrates how these benefit our oceans and society.

4. Financial review

The combined results of Nekton Foundation and its wholly-owned trading subsidiary Nekton Enterprises Limited are consolidated.

In its fourth year of operation, Nekton secured incoming resources of £4,061k and ended the year with a surplus of £451k. Cash income generated related mainly to grant funding from Omega and Kensington Tours, Mission Partners for the Mission II Indian Ocean Expeditions in 2019 and 2020 and the continued provision of services to Kensington Tours, promoting them as Nekton’s launch partner for Mission II to the Indian Ocean.

Of the total expenditure of £3,610k for the year, £2,558k was incurred on the Seychelles expedition, £509k was incurred on Nekton’s Communications and Education programme including ocean literacy, and £420k on Nekton’s science programme. The remaining expenditure related to the development of the second expedition Indian Ocean First Descent: Midnight Zone, fundraising and overall management of the organisation.

Funds are being raised to activate and deliver the Midnight Zone expedition to the Indian Ocean to include activities such as field operations and scientific research and analysis. Efforts continue towards seeking new funding to undertake further expeditions for Mission II Indian Ocean, and innovation projects in support of sustainable ocean governance. For our expeditions to the Indian Ocean we aim to raise funds through a structured partnership programme with a range of individual philanthropists, foundations and companies including media and broadcast sales and bespoke projects.

Charity’s Reserves

The charity held total funds at 31 December 2019 of £2,445k. £1,899k is restricted and £546k unrestricted. Of the restricted funds £1,338k is restricted to First Descent Midnight Zone Expedition, £308k is restricted to First Descent Seychelles Expedition, £216k is restricted to Octopus, and the remaining £37k restricted funds includes the remaining work on XL Catlin Deep Ocean Survey, Weddell Sea expedition and other innovation projects.

As at 31 December 2019 no specific reserves were designated. Reserves will be gradually established in, as and when new funds are raised and circumstances allow.

5. Principal risks and uncertainties

The management team reviews risks regularly and produced a detailed risk register with mitigating actions together with a comprehensive crisis management plan for field operations.

Nekton hold all relevant insurance policies and legal agreements with service providers (suppliers) and partners, which cover all pertinent areas of risk including the rules of engagement with Nekton, expedition operations, intellectual property rights, ship and submersible charter, damage to and loss of equipment, personal injury and death, employers’ liability and public liability, and Trustees’ liability.

The Covid-19 pandemic, the resulting national and international travel restrictions, reduction in economic activity in some sectors and an expected global recession represents significant challenges to field operations in the Indian Ocean. At the time of writing, the full impact remains unknown. Commercial maritime and offshore activities have been reduced but have continued and whilst the majority of academic marine research activities were stopped, some are now returning.

We have sufficient funds to complete the delivery of the Seychelles Mission into 2020 and a further Mission (Seychelles-Maldives) with limited field operations in 2020 and associated operations throughout 2021. If the further Mission is larger in scope, then additional funds would be required. The Innovation projects (Octopus, Yachts for Science, GOSSIP) are funded by discreet grants for specific durations to achieve specific tasks.

The key current risk for Nekton is securing funding for Expedition 3 (2021). Two Mission Partners have committed to funding through Expedition 2 (2020) and Expedition 3 (2021) but a short-fall could remain, subject to the type and scale of the offshore operations.

We are managing this funding risk through sustained emphasis and efforts on partnership development (particularly related to offshore operations) and fundraising; the production of regular cash flow forecasts and scenario planning; ensuring an efficient cost base; and active ongoing management of expectations of partners, providing them with regular updates on our progress on deliverables and fundraising success. The trustee board has been further strengthened to assist with fundraising and a Fundraising Sub-Committee established.

In light of Covid-19, Nekton has implemented a comprehensive evaluation of operational and financial planning, including reducing overhead costs and field operation costs, reduced resources along with participating in the UK Government’s furlough scheme. In addition, Nekton is undertaking a strategic review of activities and looking to diversify funding sources to support non-field based operations including laboratory-based research, virtual knowledge exchange activities and a broader scope of engagement and educational activities.

Being a relatively new charity, Nekton is in the process of formulating its reserves policy and building up reserves. As new funds are secured we will identify appropriate opportunities to create reserves whilst defining a reserves policy suitable to the charity’s needs.

The trustees believe the charity remains a going concern given recent funding commitments received.

6. Plans for the future

Seychelles: Ongoing research, analysis, knowledge exchange and public engagement activities continue throughout 2020 completing in October 2020.

First Descent Indian Ocean: Midnight Zone Mission 2020: With the Governments of Seychelles and Maldives, a joint mission was being planned at the end of 2019 and beginning of 2020 to develop regional scientific and ocean governance cooperation to research and protect a series of key seamounts and inform the protection and management of 630,000km² of ocean. Mission [details](#). Read more below:

- *Scientists to dive into the Midnight Zone* ([ABC News](#)),
- *Exploring the Indian Ocean’s Midnight Zone* ([Washington Post](#)),
- *Midnight Zone mission to study the effects of climate change on deep seamarine life* ([Daily Mail](#))
- *Seychelles and Maldives Joint* [statement](#)
- *First Descent: Midnight Zone* ([Launch film](#))

This mission was postponed in March 2020 due to the pandemic and we plan to return as soon as the situation allows.

Indian Ocean Summit: see 2.5 *Catalysing Ocean policy*. Establishment of i) a Steering Committee for the Western Indian Ocean Alliance and ii) Four working groups to develop the implementation strategy – including on Marine science, Finance and resilience, Governance and, Marine protection and conservation.

Innovation projects: ongoing development of Octopus (ocean data), Yachts for Science, GOSSIP (marine research protocol) and technology developments for the Midnight Zone Mission.

7. Structure, governance and management

The organisation is a charitable company, limited by guarantee, registered with the Charity Commission on 14 July 2015 and incorporated on 17 June 2015. The charity is constituted under its Memorandum and Articles of Association dated 17 June 2015 which established the objects and powers of the charitable company and is governed under its articles of association.

The directors, who are also the trustees of the charity, are recruited by direct interest in the charity. Trustee induction has taken place with reference to the guidance published by the Charity Commission.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 8 to the accounts.

Nekton Foundation – Trustees’ Annual Report – For the year ended 31 December 2019

Day-to-day management of the charity is delegated to the senior management team. Our approach to remuneration is to ensure we can attract and retain a talented and motivated team to achieve our mission and deliver our strategic goals, whilst taking into account pay scales of similar and partner organisations and charity sector pay surveys.

7.1 Key management personnel for 2019

Chief Executive:	Oliver Steeds
Finance & Operations Controller:	Alex Murphy
Head of Communications	Lisa Hynes
Principal Scientist:	Dr. Lucy Woodall

7.2 Appointment of trustees

The charity is required to have at least three Trustees and a maximum of ten Trustees.

Additional trustees are co-opted by the board and management team to ensure the best mix of skills and experience attuned to the needs of the charity. Upon election new trustees meet the chair and chief executive and attend an induction meeting which includes a presentation on the organisation; the opportunity to meet key staff and a question-and-answer session. New trustees are also provided with the charity’s business plan, financial statements, and any other documents requested. Trustees collectively identify any governance training needs and who best to undertake the training identified. Nekton Foundation does not engage in public fundraising. Nekton Foundation nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and Nekton Foundation received no complaints relating to its fundraising practice.

7.3 Related parties and relationships with other organisations

Nekton Foundation has a wholly-owned subsidiary, Nekton Enterprises Limited (NEL). NEL was incorporated on 25th April 2016 and has been established to undertake commercial activities such as sponsorship which generate income for the benefit of Nekton Foundation. In 2017 we entered into an agreement with Kensington Tours to promote Kensington as Nekton’s launch partner for Mission II and to develop a mutually beneficial tourism product.

Nekton works closely with Encounter EDU to develop, produce and disseminate its Submarine STEM educational programme. Encounter EDU creates educational outreach programmes which bring expedition science and exploration into classrooms through collaborations between explorers, scientists, teachers and pupils. Nekton’s Chief Executive Oliver Steeds co-founded Digital Explorer (renamed in 2019 as Encounter EDU). He is not involved in the day-to-day running of the organisation and receives no remuneration from it.

7.4 Statement of responsibilities of the trustees

The trustees (who are also directors of Nekton Foundation for the purposes of company law) are responsible for preparing the trustees’ annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Nekton Foundation – Trustees’ Annual Report – For the year ended 31 December 2019

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company’s auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2019 was 9 (2018:7). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

8. Auditors

Sayer Vincent LLP were appointed as the charitable company's auditor during the year and have expressed their willingness to continue in that capacity.

The trustees’ annual report has been approved by the trustees on 25 June 2020 and signed on their behalf by

Rupert Grey
Chair

Opinion

We have audited the financial statements of the Nekton Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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 group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or
- The trustees have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report other than the group financial statements and our

Independent auditors' report

To the members of

Nekton Foundation

auditor's report thereon. Our opinion on the group 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.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in 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 there is a material misstatement in the group financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- 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 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' report

To the members of

Nekton Foundation

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the 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.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard (Senior statutory auditor)

15 September 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Nekton Foundation

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Income from:							
Donations and legacies	2	100,101	–	100,101	450	–	450
Charitable activities							
Missions	3	–	3,407,113	3,407,113	–	1,925,857	1,925,857
Other trading activities	4	553,670	–	553,670	286,943	–	286,943
Investments		–	–	–	–	–	–
Total income		653,771	3,407,113	4,060,884	287,393	1,925,857	2,213,250
Expenditure on:							
Raising funds	5	1,288	–	1,288	658	–	658
Charitable activities							
Missions	5	156,405	2,445,899	2,602,304	192,803	–	192,803
Science and Research	5	100,283	385,982	486,265	13,355	284,359	297,714
Communication and Education	5	54,806	465,466	520,272	17,317	17,872	35,189
Total expenditure		312,782	3,297,347	3,610,129	224,133	302,231	526,364
Actuarial gains / (losses) on defined benefit		–	–	–	–	–	–
Other gains / (losses)		–	–	–	–	–	–
Net movement in funds		340,989	109,766	450,755	63,260	1,623,626	1,686,886
Reconciliation of funds:							
Total funds brought forward		205,415	1,789,145	1,994,560	142,155	165,519	307,674
Total funds carried forward		546,403	1,898,912	2,445,315	205,415	1,789,145	1,994,560

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19a to the financial statements.

As at 31 December 2019

	Note	The group 2019 £	2018 £	The charity 2019 £	2018 £
Fixed assets:					
Tangible assets	11	115,130	71,975	115,130	71,975
		<u>115,130</u>	<u>71,975</u>	<u>115,130</u>	<u>71,975</u>
Current assets:					
Debtors		36,480	77,766	156,846	94,509
Cash at bank and in hand		2,584,297	2,153,979	2,018,530	1,726,237
		<u>2,620,777</u>	<u>2,231,745</u>	<u>2,175,376</u>	<u>1,820,746</u>
Liabilities:					
Creditors: amounts falling due within one year	14	(290,592)	(309,160)	(276,101)	(93,178)
		<u>(290,592)</u>	<u>(309,160)</u>	<u>(276,101)</u>	<u>(93,178)</u>
Net current assets / (liabilities)		<u>2,330,185</u>	<u>1,922,585</u>	<u>1,899,275</u>	<u>1,727,568</u>
Total net assets / (liabilities)		<u><u>2,445,315</u></u>	<u><u>1,994,560</u></u>	<u><u>2,014,405</u></u>	<u><u>1,799,543</u></u>
Funds:	19a				
Restricted income funds		1,898,911	1,789,145	1,898,910	1,789,145
Unrestricted income funds:					
General funds		546,404	205,415	115,495	10,398
		<u>546,404</u>	<u>205,415</u>	<u>115,495</u>	<u>10,398</u>
Total unrestricted funds		<u>546,404</u>	<u>205,415</u>	<u>115,495</u>	<u>10,398</u>
Total funds		<u><u>2,445,315</u></u>	<u><u>1,994,560</u></u>	<u><u>2,014,405</u></u>	<u><u>1,799,543</u></u>

Approved by the trustees on 25 June 2020 and signed on their behalf by

Rupert Grey
Chair

Nekton Foundation

Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	2019 £	£	2018 £	£
Cash flows from operating activities	20				
Net cash provided by / (used in) operating activities			492,619		1,861,251
Cash flows from investing activities:					
Purchase of fixed assets		(62,300)		(40,302)	
Net cash provided by / (used in) investing activities			(62,300)		(40,302)
Change in cash and cash equivalents in the year			430,319		1,820,949
Cash and cash equivalents at the beginning of the year			2,153,979		333,030
Cash and cash equivalents at the end of the year	21		2,584,298		2,153,979

1 Accounting policies

a) Statutory information

Nekton Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address (and principal place of business) is Begbroke Science Park, Begbroke Hill, Woodstock Road, Begbroke, OX5 1PF.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Consolidation

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Nekton Enterprise Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. As this is the first year consolidated accounts have been produced the statement of financial activities for the prior year has been amended to include results on a consolidated basis.

d) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

e) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements and have considered the impact of the coronavirus pandemic on the charity's operations.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. They are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 December 2020, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets.

1 Accounting policies (continued)

f) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

g) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

h) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

i) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

j) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of developing and undertaking the missions, research and education undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

k) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

1 Accounting policies (continued)

l) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities based on time attributable to each activity

● Cost of raising funds	0%
● Missions	37%
● Science and research	63%
● Communication and education	0%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

m) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

n) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Scientific Equipment	10 years
● Filming & Communications equipment	3 years
● Computer equipment	3 years
● Office and lab furniture	10 years

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £	2018 Total £
XL Foundation	-	-	-	16,970
Octopus	-	-	-	298,721
Weddell Sea	-	-	-	93,268
Gossip	-	-	-	24,319
eDNA	-	-	-	2,692
First Descent	-	2,053,907	2,053,907	1,489,887
The Midnight Zone	-	1,353,207	1,353,207	-
Total income from charitable activities	-	3,407,113	3,407,113	1,925,857

Prior Year

	Unrestricted £	Restricted £	2018 Total £
XL Foundation	-	16,970	16,970
Octopus	-	298,721	298,721
Weddell Sea	-	93,268	93,268
Gossip	-	24,319	24,319
eDNA	-	2,692	2,692
First Descent	-	1,489,887	1,489,887
Total income from charitable activities	-	1,925,857	1,925,857

3 Income from other trading activities

	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Kensington Tours	150,000	-	150,000	264,715
Other	403,671	-	403,671	22,228
	553,671	-	553,671	286,943

4 Analysis of expenditure

	Charitable activities						2019	2018
	Raising funds	Missions	Science and Research	Communications and Education	Governance costs	Support costs	Total	Total
	£	£	£	£	£	£	£	£
Staff costs (Note 6)	369	151,531	264,065	68,438	1,728	17,197	503,328	268,786
Consultant & Staff Related Costs	-	74,781	19,578	74,200	832	-	169,391	48,855
Mission control / operations	134	1,852,577	49,862	40,915	-	25,512	1,969,000	55,302
Equipment and Consumables	152	352,530	30,835	245,303	-	1,834	630,654	30,638
Science Grants	-	-	-	33,869	-	-	33,869	3,000
Fundraising	200	919	52	9,901	-	-	11,072	7,670
Science costs	-	-	8,592	2,400	-	-	10,992	3,576
Travel and subsistence	268	90,817	44,927	10,162	2,874	2,145	151,193	28,886
Professional Services	-	4,975	-	1,760	917	35,068	42,720	49,490
Insurance	-	24,680	-	-	-	12,037	36,717	5,822
Telephone, IT and Office Costs	72	4,387	1,804	20,810	1,607	4,900	33,580	12,649
Membership and subscriptions	-	1,607	122	937	13	54	2,733	26
Bank charges	-	29	45	-	-	1,255	1,329	715
Foreign exchange (gain)/ loss	-	(502)	-	250	-	(5,344)	(5,596)	(90)
Depreciation	-	-	-	-	-	19,146	19,146	11,039
	1,195	2,558,331	419,882	508,945	7,971	113,805	3,610,129	526,364
Support costs	87	41,095	62,037	10,586	-	(113,805)	-	-
Governance costs	6	2,878	4,346	741	(7,971)	-	-	-
Total expenditure 2019	1,288	2,602,304	486,265	520,272	-	-	3,610,129	526,364
Total expenditure 2018	658	192,803	297,714	69,425	-	-	526,364	

Of the total expenditure £312,585 was unrestricted (2018: £224,134) and £3,297,347 was restricted (2018: £302,231).

4 Analysis of expenditure (Prior Year)

	Charitable activities						
	Raising funds	Missions	Science and Research	Communications and Education	Governance costs	Support costs	2018 Total
	£	£	£	£	£	£	£
Staff costs (Note 7)	-	70,530	137,621	6,764	-	53,871	268,786
Consultant & Staff Related Costs	-	26,000	972	12,580	225	9,078	48,855
Mission control / operations	-	14,022	25,340	2,308	-	13,632	55,302
Equipment and Consumables	-	9,933	20,705	-	-	-	30,638
Science Grants	-	-	3,000	-	-	-	3,000
Fundraising	-	2,808	2,477	2,385	-	-	7,670
Science costs	-	-	3,576	-	-	-	3,576
Travel and subsistence	620	20,408	4,153	46	163	3,496	28,886
Professional Services	38	-	6,656	-	7,357	35,439	49,490
Insurance	-	295	-	-	-	5,527	5,822
Telephone, IT and Office Costs	-	1,122	168	6,534	-	4,825	12,649
Membership and subscriptions	-	-	-	-	13	13	26
Bank charges	-	-	-	-	-	715	715
Foreign exchange (gain)/ loss	-	-	-	-	-	(90)	(90)
Depreciation	-	-	-	-	-	11,039	11,039
	658	145,118	204,668	30,617	7,758	137,545	526,364
Support costs	-	45,139	88,078	38,564	-	(137,545)	-
Governance costs	-	2,546	4,968	244	(7,758)	-	-
Total expenditure 2018	658	192,803	297,714	69,425	-	-	526,364
Total expenditure 2017	100,123	39,168	266,397	11,932	-	-	517,620

Of the total expenditure, £224,134 was unrestricted (2017: £244,750) and £302,231 was restricted (2017: £272,870).

Notes to the financial statements

For the year ended 31 December 2019

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2019 £	2018 £
Depreciation	19,146	11,039
Operating lease rentals:		
Property	25,484	13,838
Auditors' remuneration (excluding VAT):		
Audit	7,680	7,440
Other services	–	–
Foreign exchange gains or losses	(5,596)	(90)
	<u> </u>	<u> </u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	277,105	244,252
Social security costs	25,470	19,223
Pension Costs	8,220	5,312
Consultants Costs	192,533	
	<u>503,328</u>	<u>268,787</u>

1 employee earned more than £60,000 during the year (2018: 1).

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£70,000 – £79,999	–	–
£80,000 – £89,999	–	1
£90,000 – £99,999	1	–
	<u> </u>	<u> </u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £209,297 (2018: £166,160).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £908 (2018: £1,032) incurred by 2 (2018: 3) members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 7 (2018: 6).

8 Related party transactions

Nekton Foundation owes £nil (2018: £nil) to its wholly owned subsidiary Nekton Enterprises Limited.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Nekton Enterprises Limited gift aids available profits to the parent charity.

10 Tangible fixed assets**The group & Charity**

	Scientific equipment £	Filming & Communica- tions equipment £	Computer equipment £	Office and lab furniture £	Total £
Cost					
At the start of the year	72,404	19,665	1,566	4,860	98,495
Additions in year	49,701	–	10,253	2,346	62,300
Disposals in year	–	–	–	–	–
At the end of the year	122,105	19,665	11,819	7,206	160,795
Depreciation					
At the start of the year	8,086	16,129	1,292	1,013	26,520
Charge for the year	11,897	3,537	3,186	525	19,145
Eliminated on disposal	–	–	–	–	–
At the end of the year	19,984	19,666	4,478	1,538	45,666
Net book value					
At the end of the year	102,121	()	7,341	5,668	115,130
At the start of the year	64,318	3,536	274	3,847	71,975

All of the above assets are used for charitable purposes.

11 Subsidiary undertaking

The charitable company owns 100% of the voting rights of Nekton Enterprises Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. Available profits are gift aided to the charitable company. The trustee, Alex Rogers and Chief Executive Oliver Steeds are also directors of the subsidiary. A summary of the results of the subsidiary is shown below:

	2019 £	2018 £
Turnover	553,670	286,943
Cost of sales	(16,527)	(29,017)
Gross profit	537,143	257,926
Management charge payable to parent undertaking	(113,712)	(62,909)
Operating profit / (loss)	423,431	195,017
Interest payable	-	-
Interest payable to parent undertaking	-	-
Profit on ordinary activities before taxation	423,431	195,017
Taxation	-	-
Profit for the financial year	423,431	195,017
Retained earnings		
Retained earnings brought forward	195,017	-
Profit for the financial year	423,431	195,017
Profit distributed to parent under gift aid	(187,535)	-
Retained earnings carried forward	430,913	195,017
The aggregate of the assets, liabilities and funds was:		
Assets	584,254	411,003
Liabilities	(153,340)	(215,985)
Net Assets	430,914	195,018
Share Capital	1	1
Profit & Loss Account	430,913	195,017
Total Shareholders Funds	430,914	195,018

Amounts owed to/from the parent undertaking are shown in note 9.

12 Debtors

	The group		The charity	
	2019	2018	2019	2018
	£	£	£	£
Other debtors	–	73,043	–	–
Prepayments	36,480	4,723	36,480	4,723
Due from Subsidiary	–	–	120,366	89,786
	36,480	77,766	156,846	94,509

All of the group's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 14 below.

13 Creditors: amounts falling due within one year

	The group		The charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	82,334	115,672	82,223	52,763
Taxation and social security	11,572	7,470	11,572	7,194
Other creditors	12,607	4,584	12,607	4,587
Accruals	18,579	15,934	15,239	13,134
Due to Subsidiary	–	–	138,960	–
Deferred Income	150,000	150,000	–	–
Grant Creditors	15,500	15,500	15,500	15,500
	290,592	309,160	276,101	93,178

14 Deferred income

	The group		The charity	
	2019	2018	2019	2018
	£	£	£	£
Balance at the beginning of the year	150,000	–	–	–
Amount released to income in the year	(150,000)	–	–	–
Amount deferred in the year	150,000	150,000	–	–
Balance at the end of the year	150,000	150,000	–	–

15 Pension scheme

Nekton Foundation operates a defined contribution pension scheme to which fixed contributions are made. The amount paid in the year was £8,220 (2018: £5,307).

16a Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
The Charity			
Tangible fixed assets	–	115,130	115,130
Net current assets	115,494	1,783,780	1,899,275
Net assets at 31 December 2018	115,494	1,898,910	2,014,405

	General £	Restricted £	Total funds £
The Group			
Tangible fixed assets	–	115,130	115,130
Net current assets	546,403	1,783,782	2,330,185
Net assets at 31 December 2018	546,403	1,898,912	2,445,315

16b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
The Charity			
Tangible fixed assets	–	71,975	71,975
Net current assets	10,398	1,717,170	1,727,568
Net assets at 31 December 2017	10,398	1,789,145	1,799,543

	General £	Restricted £	Total funds £
The Group			
Tangible fixed assets	–	71,975	71,975
Net current assets	205,415	1,717,170	1,922,585
Net assets at 31 December 2017	205,415	1,789,145	1,994,560

17a Movements in funds (current year)

The Charity	At 1 January 2019	Income & Gains	Expenditure & losses	Transfers	At 31 December 2019
	£	£	£	£	£
Restricted funds:					
XL Foundation	48,161	–	(43,575)	–	4,586
Octopus	291,544	–	(75,441)	–	216,103
Weddell Sea	25,687	–	(18,024)	–	7,663
Gossip	24,319	–	–	–	24,319
eDNA	2,692	–	(1,835)	–	857
First Descent	1,396,742	2,053,907	(3,142,870)	–	307,779
The Midnight Zone	–	1,353,207	(15,603)	–	1,337,604
Total restricted funds	1,789,145	3,407,113	(3,297,348)	–	1,898,910
Unrestricted funds:					
General funds	10,398	294,293	(189,196)	–	115,495
Total unrestricted funds	10,398	294,293	(189,196)	–	115,495
Total funds	1,799,543	3,701,406	(3,486,544)	–	2,014,405

The narrative to explain the purpose of each fund is given at the foot of the note below.

The Group	At 1 January 2019	Income & Gains	Expenditure & losses	Transfers	At 31 December 2019
	£	£	£	£	£
Restricted funds:					
XL Foundation	48,161	–	(43,575)	–	4,586
Octopus	291,544	–	(75,441)	–	216,103
Weddell Sea	25,687	–	(18,024)	–	7,663
Gossip	24,319	–	–	–	24,319
eDNA	2,692	–	(1,835)	–	857
First Descent	1,396,742	2,053,907	(3,142,870)	–	307,779
The Midnight Zone	–	1,353,207	(15,603)	–	1,337,604
Total restricted funds	1,789,145	3,407,113	(3,297,348)	–	1,898,911
Unrestricted funds:					
General funds	205,415	653,772	(312,782)	–	546,405
Total unrestricted funds	205,415	653,772	(312,782)	–	546,405
Total funds	1,994,560	4,060,885	(3,610,130)	–	2,445,315

The narrative to explain the purpose of each fund is given at the foot of the note below.

17b Movements in funds (prior year)

The Charity	At 1 January 2018 £	Income & Gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
Restricted funds:					
XL Foundation	165,519	16,970	(134,328)	–	48,161
Octopus	–	298,721	(7,177)	–	291,544
Weddell Sea	–	93,268	(67,581)	–	25,687
Gossip	–	24,319	–	–	24,319
eDNA	–	2,692	–	–	2,692
First Descent	–	1,489,887	(93,145)	–	1,396,742
Total restricted funds	165,519	1,925,857	(302,231)	–	1,789,145
Unrestricted funds:					
General funds	39,623	106,852	(136,077)	–	10,398
Total unrestricted funds	39,623	106,852	(136,077)	–	10,398
Total funds	205,142	2,032,709	(438,308)	–	1,799,543
The Group	At 1 January 2018 £	Income & Gains £	Expenditure & losses £	Transfers £	At 31 December £
Restricted funds:					
XL Foundation	165,519	16,970	(134,328)	–	48,161
Octopus	–	298,721	(7,177)	–	291,544
Weddell Sea	–	93,268	(67,581)	–	25,687
Gossip	–	24,319	–	–	24,319
eDNA	–	2,692	–	–	2,692
First Descent	–	1,489,887	(93,145)	–	1,396,742
Total restricted funds	165,519	1,925,857	(302,231)	–	1,789,145
Unrestricted funds:					
General funds	142,155	287,393	(224,133)	–	205,415
Total unrestricted funds	142,155	287,393	(224,133)	–	205,415
Total funds	307,674	2,213,250	(526,364)	–	1,994,560

17 Movements in funds (continued)

Purposes of restricted funds

XL Foundation

Funds from XL Foundation are restricted towards the 2016 Mission and producing the XL Catlin Deep Ocean Survey.

Octopus

Octopus (the Ocean Tool for Public Understanding and Science) from the Garfield Weston Foundation and private philanthropists.

Weddell Sea

Funds from Flotilla Foundation are for Nekton's costs to take part in the expedition to the Weddell Sea off Antarctica, and from the Garfield Weston Foundation for the publication of research from the expedition and development of a new tool.

Gossip

Funds for Gossip (General Ocean Survey and Sampling Iterative Protocol) and eDNA from the Garfield Weston Foundation for the ongoing promotion and adoption across the marine science and ocean management communities.

First Descent: Seychelles

Funds for First Descent: Seychelles from Omega and Kensington Tours who are Mission Partners for the first expedition to Seychelles, for the cost of the expedition.

The Midnight Zone

Funds for The Midnight Zone predominantly from Omega who is one of the Mission Partners for the second Indian Ocean expedition, for the cost of the expedition.

18 Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the reporting period (as per the statement of financial activities)	450,755	1,686,886
Depreciation charges	19,146	11,039
Increase in debtors	41,286	(63,087)
Decrease in creditors	(18,568)	226,413
Net cash provided by / (used in) operating activities	492,619	1,861,251

	At 1 January 2019 £	Cash flows £	Other £	At 31 December 2019 £
19 Analysis of cash and cash equivalents				
Cash at bank and in hand	2,153,979	430,319	–	2,584,298
Total cash and cash equivalents	2,153,979	430,319	–	2,584,298

20 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.