

South Atlantic Environmental Research Institute

Trustees' report and financial statements

For the period ended 30 June 2018

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Trustees' Report	2 - 13
Independent Auditor's Report	14 - 16
Consolidated Statement of Financial Activities	17
Consolidated Balance Sheet	18
Charity Balance Sheet	19
Consolidated Statement of Cash Flows	20
Notes to the Financial Statements	21 - 31

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE PERIOD ENDED 30 JUNE 2018

Trustees

Charles Judge MBE, Chair (appointed 18 May 2017)
Dr Paul Brickle (appointed 18 May 2017)
Prof Stuart Piertney (appointed 3 September 2018)
Michael Poole (appointed 18 May 2017, resigned 1 November 2018)
Prof Richard Sanders (appointed 10 December 2018)

Charity registered number

1173105

Principal office

Falkland House
14 Broadway, Westminster
London
SW1H 0BH

Independent auditor

Mazars LLP
Chartered Accountants
90 Victoria Street
Bristol
BS1 6DP

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT FOR THE PERIOD ENDED 30 JUNE 2018

The Trustees present their annual report together with the audited financial statements of the Group and the Charity for the period 18 May 2017 to 30 June 2018. The Trustees confirm that the annual report and the financial statements of the Group and the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP), 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). The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements.

The Charity and the Group also trades under the name SAERI.

Objectives and Activities

Policies and objectives

SAERI's vision is:

to be an internationally recognised academic institute based in the Falkland Islands, operating in the South Atlantic from the equator down to the ice in Antarctica, conducting world-class natural and physical science research, teaching students and building capacity within and between the United Kingdom South Atlantic Overseas Territories.

Since its conceptualisation in 2011, there has been a phased approach to the operation and eventual separation of SAERI from a government department to an independent charitable entity, with Phase I being the establishment of the Research Institute within the Falkland Islands Government (FIG). This meant the reputational establishment of a world class institution with the ability to raise funds locally and internationally for crucial scientific research not only within the Falkland Islands, but in the broader UK South Atlantic Overseas Territories (UK SAOTs) and beyond.

This we have proven beyond doubt.

Phase II, scoped and acknowledged to be feasible, involved the incorporation of SAERI as a separate legal entity, a registered charity, with a view to long-term independence from FIG, although keeping visible and strong partnerships with its founding partner.

The registration of SAERI as a Charitable Incorporated Organisation was made official by the Charity Commission on 18 May 2017, and its final separation from FIG on 30 June 2017.

Our objectives in our first year of operation have been to ensure the complete establishment of the operations of this new and separate legal entity, ensuring its internal mechanisms are compliant, effective and provide a solid platform for the continuation of the journey that was started in 2011.

A Founding Board of three Trustees guided the organisation through this transition period, presiding over the establishment of solid financial processes and matters of organisational governance such as a complete set of policies and procedures. Terms of reference for the board *per se* were agreed and mechanisms were put in place to transition from the Founding Board to the full Board, which we hope to achieve early in the coming financial year.

Throughout the establishment of the CIO, we have continued to service incumbent grants, and have followed the grant strategy as set out at the beginning of the year by fulfilling all of our pipeline proposals but one which continues in the last stages of the negotiation phase. We were privileged to have been awarded two Defra-funded Darwin Plus projects. We have developed closer ties with the University of Dundee to enter phase II of our IMS-GIS Data Centre which we hope to see launched in our next financial year, and have successfully finalised three PhD studentships to be carried out in the Falkland Islands and South Georgia.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

As well as conducting academic and applied research in the UK SAOT's, this year SAERI delivered scientific expertise to other islands and countries including Montserrat, Anguilla and Namibia.

SAERI's science expertise is founded in Marine Science and Data Science, and is rapidly expanding its remit into the Terrestrial and Physical Science areas.

SAERI also operates a trading subsidiary, SAERI (Falklands) Limited registered in, and operating from, the Falkland Islands, where research outputs, environmental expertise and consulting are offered to commercial clients.

To achieve its mandate in its first year of independent operation, SAERI focused on five priority objectives in 2017-18.

1. Strategic leadership

Strategies for achieving this objective:

- Effective Board membership and Senior Management Team
- Nimble and responsive to the market
- Strong internal and external communication

Activities for achieving this objective

- Strategic recruitment, clear Terms of Reference and accountability through performance management
- Clear delegation through the organisation
- Delivery of research excellence in key and strategic scientific areas of global interest
- Academic publication targets

2. Ensuring organisational and financial stability

Strategies for achieving this objective:

- Strong corporate governance
- Delivery of solid annual performance evidenced via the audit process
- Clear and articulated strategies: financial, fundraising, investment and risk

Activities for achieving this objective

- Adherence to regulatory reporting standards
- Delivery, dissemination and maintenance of solid financial and organisational policies and procedures
- Increasing the unrestricted reserves
- Ensure the organisational structure is fit-for-purpose and resourced for growth
- Establishment of trading subsidiary to assist with core funding

3. Delivery against the Business Plan

Strategies for achieving this:

- A healthy pipeline
- Effective resourcing supporting the delivery of the business plan

Activities for achieving this objective

- Continual grant mapping and market scanning
- Targeted performance management

4. Strong relationships and advocacy

Strategies for achieving this:

- Ambassadorships and Fellows
- Effective communication

Activities for achieving this objective

- Establish guidelines for appointment of Ambassadors and Fellows
 - Identify and celebrate success through Annual Report and other means
-

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

5. Organisational reputation and international credibility

Strategies for achieving this:

- Strong academic reputation
- SAERI storytelling

Activities for achieving this objective

- Peer-reviewed publications
- Peer recognition
- PhD studentships
- Activities report

The Trustees are satisfied with the direction that the first year of operations as an independent entity has taken, and believe that the momentum gained is what can be expected at this stage of the Institute's development.

Main activities undertaken to further the charity's purposes for the public benefit

In its first year of operation SAERI tracked well according to the plans as set out in the Business Plan. Whilst a great deal of time and effort went into the establishment of the entity as an independent organisation, it continued to achieve excellence in its academic remit and its establishment as a credible and world-class research institute. Relationships with key organisations such as British Antarctic Survey (BAS), The Joint Nature Conservation Committee (JNCC), National Oceanographic Centre (NOC), the University of Aberdeen (UoA) and the Climate Change Institute (CCI) (University of Maine) to name a few have gone from strength to strength both in the context of research delivery but also within the broader context of Territory-to-Territory partnerships. FIG and the Government of South Georgia and the South Sandwich Island (GSGSSI). The governments of the other South Atlantic islands continue to be key relationships SAERI nurtures and opportunities for collaboration are abundant.

Over and above the incumbent projects, 7 new projects were awarded to the Institute, three new PhD studentships were established, and continued participation on the Falkland Islands Environment Committee meant that SAERI was able to deliver not only a successful first year, but set itself up for success in years to come.

Achievements and performance

Key financial performance indicators

Measurement of success falls into broad categories:

1. Achievement of spend against forecast after mitigating factors within a reasonable margin to demonstrate solid financial planning.
2. A reasonable success rate for the award of pipeline project proposals.
3. Maintenance of unrestricted reserves, with preferable growth.
4. Solid and accurate management of restricted funds measured by successful audits and adherence to grant rules and financial reporting regulations.

Review of activities

Unrestricted funds

SAERI has two unrestricted funds, its Main Account for core funding and overheads, as well as the IMS-GIS Data Centre.

The SAERI Main Account recovers partial costs through Head Office individuals providing management and oversight of the projects themselves as well as the administration function for the organisation.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

The Falkland Islands-based IMS-GIS Data Centre, in partnership with FIG in the Falkland Islands, provides a data repository for all environmental data, and some other, which are collected by overseas and local researchers (SAERI, FIG, Shallow Marine Surveys Group (MSG) and Falklands Conservation (FC)). The repository is supported by a Research Permitting process, whereby all researchers applying for a permit are required to ensure they leave a copy of their data behind within 2 years from data collection. In parallel, before they leave researchers are requested to submit a metadata record which is published in the online metadata catalogue, one of the main data services provided by the Data Centre. Data documentation ensures longevity of a dataset and enables its discovery, helps to avoid its duplication, and promotes potential collaborations. The data services portfolio of the Data Centre is also enriched with webGIS services, which allow for dissemination of data and information to a wider public (with no GIS skills required), spatial database design, development and implementation, training courses in GIS, integration between applications for field data collection (ODK) and data management, analytical and mapping tools (postgresql/QGIS). A next generation of services is in the pipeline and includes a more functional data portal as well as a platform for processing Big Data.

Restricted funds

1. Natural Capital Assessment project

This year saw the Natural Capital Assessment project start work in St. Helena, Ascension and Tristan da Cunha (the first year focussed primarily on the Falkland Islands). Successful workshops and in-territory placement of the Project Manager enabled extensive stakeholder consultation and engagement to enable the outputs of the project to focus on areas that were identified as priorities for the islands. Some highlights include the production of the first broad scale habitat map for the Falkland Islands, the presentation of baseline terrestrial data spatially in sectors that hadn't been mapped before, understanding the value of land-based tourists, valuing wool and meat production and understanding the interactions between environment, cultural experiences and wellbeing.

2. Best 2.0 project

The BEST 2.0 Programme is a funding facility, supported by the European Commission as part of the EU Biodiversity for Life (B4Life) flagship. It aims to support the objectives of the BEST Initiative by facilitating the continuation of important environmental and conservation work providing grant funding for small-scale and medium-scale field actions on the ground for biodiversity conservation and sustainable development in the EU Overseas Countries and Territories (OCTs).

SAERI is a regional hub and co-ordinates the BEST 2.0 project for the UK SAOTs across the following islands: Ascension Island, St Helena, Tristan da Cunha and the Falkland Islands.

In 2018, two small grant projects, in St Helena and in Tristan da Cunha, were completed. Additionally, one medium grant project was completed in Ascension Island and, at the beginning of the year one new small grant was funded in St Helena, 'Nurseries for nature: increasing capability at St Helena's endemic nurseries' led by St Helena National Trust.

3. Darwin Plus 'Dolphins of the Kelp: Data priorities for Falkland's inshore cetaceans' project (DPLUS 042)

The 'Dolphins of the Kelp' (hereafter DOKE) was a Darwin Plus Initiative funded project aimed to establish baseline data on the abundance, distribution, natural history and genetic diversity of the Falklands inshore dolphins. Target species were Commerson's (*Cephalorhynchus commersonii*) and Peale's (*Lagenorhynchus australis*) dolphins. SAERI was the project leader and the project partners were FC, MSG, Austral Biodiversity, Oregon State University (OSU), and University of St Andrews. The project spanned two years from October 2016 to September 2018.

The project was successfully delivered through three complimentary work programmes. The first was an aerial and island-wide survey using line transects methods to estimate abundance of cetaceans. The second was a series of seasonal vessel surveys, carried out by a rigid hull inflatable boat and using photo-identification methods. These surveys targeted Commerson's and Peale's dolphins in three areas: two in East Falkland and

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

one in West Falkland, aiming to study dolphin biology and ecology. The last programme focused on determining the dolphins' genetic diversity, local population structure, and relationship to SW Atlantic contiguous continental stocks using tissue sampling.

DOKE provided the first scientifically robust estimates of abundance and density of Commerson's and Peale's dolphins and baleen whales for the whole of the Falkland waters within 10 km of the coastline. Moreover, the genetic analyses carried out on mitochondrial DNA revealed the existence of three dolphin subpopulations (one of Commerson's and two of Peale's dolphins) uniquely present in the Falkland Islands and separated from the continental populations. Finally, data collected in three different island locations allowed us to understand the animals' seasonal distribution patterns, movement, residency, local abundance and reproductive cycle.

4. Darwin Plus "Mapping Falklands and South Georgia coastal margins for Spatial Planning" project (DPLUS065)

Our coastal areas are of critical importance to both humans and wildlife, and knowledge of them is essential for their management and conservation. Historically in the South Atlantic, the coastal margins of the Falkland Islands and South Georgia have been subject to relatively little study. However, the Falklands has received increased pressures over recent years from shipping, tourism and oil production. While South Georgia has been subject to less human impact, it is still home to globally important populations of marine birds and mammals, and their habitat extends around its coastline.

This project has been using recently available satellite imagery alongside other spatial data and local expert knowledge to develop the first broad scale coastal margin habitat maps for the Falkland Islands and South Georgia (terrestrial, intertidal and subtidal). With the broad scale maps complete, stakeholders have been directing where finer scale habitat maps should be created. The project is using high resolution satellite imagery secured through a £200,000 grant from the Digital Globe Foundation, as well as capturing very high resolution aerial imagery using drones. These habitat maps will create an essential baseline, providing a sound basis for use in future planning, decision-making and monitoring.

This ambitious three-year project is due to conclude in March 2020, and demonstrates a truly international collaboration between SAERI, OSU, the JNCC, SMSG, FIG and GSGSSI. These organisations represent the leading edge in remote sensing, ecological knowledge and field expertise. The project is grant aided by the Darwin Initiative through UK Government funding.

5. MOVE

The general objectives of this project are to (1) build a collaborative network of local agents from a significant number of Outermost Regions (ORs) and OCTs and mainland Europe teams, in order to (2) engage stakeholders in identifying local priorities for Mapping and Assessment of Ecosystem Services (MAES) and (3) collaborating in the development of case studies addressing those priorities. In the process, the project will produce an assessment of the state of the art of MAES in the participating regions, together with a list of stakeholders mapped onto the MAES conceptual framework. The sustainability of the action will be supported by the personal links established, the communication tools created, and the guidelines provided by the Strategic Plan for the development of MAES in the European Overseas Territories.

6. GAP II project

The GAP II project is nearing its end and has made significant progress which has resulted in some ground breaking research that will support the environmental management of an exploring and early developing oil industry in the Falkland Islands. This year has seen the ecological modelling rolled out to the major taxa including flying seabirds and pinnipeds. This work will allow of the quantitative risk assessment of different species with their now know at sea utilisation and overlap with hydrocarbon activities including oil spill fate modelling. The programme has also reviewed national and international risk assessment methodologies and will deliver best practice guidelines to FIG in the new calendar year. Great progress has been achieved with the benthic taxonomy elements too. With regards to the polychaetes (bristle worms – most abundant taxa in the Sea lion sediments) over 200 species have been identified with 30% new to science. For the crustaceans over 100 morphological taxonomic units (MTUs) of Peracarid Crustacea identified to family level, 800 museum

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

registered specimens forming a reference collection of Cumacea, Amphipoda, Isopoda and Tanaidacea (Crustacea: Peracarida) have been established too. The Loligo (squid) egg survey have been deferred until austral winter 2019 due to times and availability of Remotely Operated underwater Vehicles (ROVs) etc. The project finish mid next year.

7. Fur Seal project

The Fur Seal project was undertaken as there was perceived risk to the Falkland Islands population through fisheries by-catch and lack of base line to assess population impacts. The project integrates a population census, which was undertaken in January 2018, and the deployment of biologging tags at Bird Island, which was undertaken between July and September 2018. Photographs from the census have been counted and report writing is underway. The draft census report will be ready to be circulated by the end of the calendar year (2018). In terms of fur seal telemetry data, satellite tags will continue to provide location data until the end of October. This will allow SAERI research and FIG undertake an empirical risk assessment with fur seal foraging behaviour and fisheries overlap. This project has progressed extremely well and will also result in the first census since in the 1930s providing much needed data on fur seal dynamics on the southern Patagonian Shelf.

8. DISCOVERY100 project

DISCOVERY100 is a visionary project designed to help understand climate change at a local scale in a key junction of the global climate system by measuring changing climates, oceans and terrestrial environments. Over the initial 5 years of the project the observing system on South Georgia will be established as a sentinel for climate change and it will deliver science to understand how the planet works and for validation empirical models that provide predictive capacity of the global impacts of climate change. The Project Design and Implementation Plan was delivered to the donor in May 2018. SAERI and Partners are now developing a fund raising strategy to initiate the project.

9. Montserrat Fisheries project

The overall goal of this project was to assess the standard of the fishery and fisheries management in Montserrat and make recommendations for improvement. It also aimed to improve baseline data collection content and systems. Wolfs Company was contracted to provide an assessment of the total economic value of the Montserrat Fishery based on existing data through an MSc research project. The project has delivered the following outputs:

- A report on Fishery data and integration strategy for underpinning sustainable fisheries management in Montserrat.
- An Economic valuation: Oversight of the delivery of the economic valuation through the Wolfs Company contract with SAERI.
- A Data Collector 'Code of Conduct' style manual to capture the role of Data Collectors and their activities.

10. Montserrat Data project

The overall project goal was to establish a data management process and system as a tool for providing a sound evidence base for Natural Capital Assessment in Montserrat. The project delivered the following outputs:

- Set up a metadata catalogue for Montserrat as a means of bringing together evidence to underpin decision making.
 - Established a data management policy for Montserrat to provide a comprehensive framework for long term data management on island.
 - Provided on-island training and awareness raising to encourage buy-in and support for data management.
 - Provided specialist training to key staff.
 - Promoted the Territory-to-Territory Partnership approach.
-

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

11. Marine Spatial Planning project

The Marine Spatial Planning Project has come to an end and has transitioned into 'Fine scaling the design of Falkland Islands Marine Management Areas' funded through the Darwin Plus Initiative. The MSP project delivered three work packages:

- i) Work Package 1: AFCAS Case Study (Assessment of Fishing Closure Areas as Sites for wider marine management)
- ii) Work Package 2: A Review current legislation needed for MSP implementation
- iii) Work Package 3: Draft and submit for approval a long term strategy for the future of MSP on the Falklands, formalising the recommended policy statement and implementation plan developed in MSP Phase I (output a draft strategy).

12. SAERI's PhD students

Tom Busbridge – Understanding the decline and recovery of one of the South Atlantic's largest fishery (Southern blue whiting)

Tom has one year left and has made great progress. He is just completing his first chapter that examines the early life history of southern blue whiting in the Falkland Islands. Notable achievements include the chemical signatures in otoliths associated with metamorphosis and settlement. Tom is now using otolith chemistry to examine the contribution of spawning grounds to the overall South Atlantic population over the history of the fishery.

Katie Brigden – The reproductive ecology of Patagonian toothfish (*Dissostichus eleginoides*, Smitt 1898) around the sub-Antarctic island of South Georgia: Spatial and temporal patterns and processes spanning two decades of data

Katie submitted her thesis earlier this year and has now submitted her corrections and should graduate early next year. Katie's PhD will add direct benefits to the management of the Patagonian toothfish fishery in South Georgia.

Jacob Hargreaves – Fungal Ecology of Falkland Islands and South Georgia soils and their role in habitat restoration

Jacob has been progressing well with two of his chapters complete. Jacob will have completed his PhD by October 2019. Jacob has identified that Mycorrhizal fungi are critical to the establishment of native greases and tussac in the Falkland Islands and South Georgia, a critical factor in habitat restoration.

Emma Beaton – Falkland Islands' Shallow Benthic and Intertidal Ecology: The Effect of Spatial and Temporal Scales

Emma has six months left on her PhD and has completed her subtidal chapter that examines how invertebrate communities change over bathymetric space and time. This is ground breaking work for the Falkland Islands as critically it gives us a great understanding of the biogeography of the South Atlantic and provides important baseline for management coastal development.

Jess Jones – Population connectivity of a commercial loliginid squid (*Doryteuthis gahi*)

Jess is currently writing up her thesis and will submit in December 2018. Jess has made excellent progress in her PhD and has one paper published and two in press. Notable achievements include the examination of the role of 'super bull' males in the population and their role in connectivity and population dynamics of the Falkland Islands population.

SAERI has new projects coming online in the next financial year:

13. Darwin Plus 'Fine scaling the design of Falkland Islands Marine Management Areas' project (DPLUS071)

Marine Spatial Planning (MSP) within the Falkland Islands was first explored during a successful two-year Darwin-Plus funded project (DPLUS027). Following its successful conclusion the Falkland Islands Government

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

(FIG) contracted SAERI to undertake a second phase (MSP Phase II) which covered three key aspects including an Assessment of Fishing Closure Areas as Sites (AFCAS) as potential MMAs against international criteria for MPAs in the Falkland Islands. Three areas were identified which would comprise 15.31% of FI waters.

The fine scaling of the Marine Management Areas will provide knowledge at a biological and economical level to inform policy. This will allow for the better management of the important areas within both the Falklands territorial and the Falklands Outer Conservation Zone waters. This will allow Falkland Islands to bring areas such as the inland waters and the AFCAS regions, which are already managed regions, up to international standards, and consequently international recognition.

The project will use diverse, cutting-edge scientific methods to build an integrated understanding of Falkland Islands marine ecosystems. In conjunction with stakeholders, evidence-based recommendations shall be developed to zone MMAs into the three AFCAS areas already identified. Following agreed and informed designs, economic assessment will aid the understanding of the present and future consequences of policy formulation with the Policy Department. MMA site management plans will be consulted upon. Relevant legislative frameworks will be drafted to support designation and site management plans ready for Falkland Islands Government (FIG) approval and designation.

This 2 year 9 month project, due to conclude in December 2020, brings together expertise from a range of organisations on island and internationally. The project is grant aided by the Darwin Initiative through UK Government funding.

14. Darwin Plus 'Soil map and online database as climate change mitigation tools' project (DPLUS083)

The Falkland Islands' prioritised climate change mitigation action plan considers soil erosion, soil carbon content vulnerability and climate change assessments at policy level as high to medium priorities. To support these mitigation policies a baseline survey of soils, peatlands and erosion extent/risk will be undertaken and the results conveyed on an online data system to assist policy makers, conservation officers and land managers in deciding which actions are needed for long term mitigation measures against climate change effects.

Factors relevant to achieve objectives

SAERI, under the guidance of its Board of Trustees, will formulate a science strategy to ensure that, as an organisation, it is delivering relevant science of international significance. The strategy will be delivered by a Committee set up by the Trustees and will include staff science leaders in the organisation and from within our collaborating institutes.

Financial review

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

Principal funding

FIG continues to provide core funding support to SAERI as it establishes itself into its new future. 42% of core funding, and 13% of our overall income, is derived from this subvention and is used to pay Head Office salaries and contribute to business development.

Recoveries for overheads provide 45% of core funding.

Core functions are also funded by overheads obtained from the grants which contribute to Head Office salaries and the costs associated with providing Head Office functions and support.

It should be noted here that in this first year of operation, SAERI received £628,303.79 from the FIG as the Cash on Account as at 30 June 2017 for both restricted and unrestricted funds. This reflects as income in the 2017-18 annual accounts.

Structure, governance and management

Constitution

The objects of the Charity are, for the public benefit:

1. the advancement of education and research;
2. the advancement of environmental protection or improvement; and
3. the promotion of sustainable development, in particular (but not exclusively) by:
 - (a) the advancement of environmental protection or improvement; and
 - (b) the advancement of education and research;particularly (but not exclusively) in relation the environment of the Falkland Islands and the South Atlantic region.

Sustainable development means "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

Method of appointment or election of Trustees

The management of the Charity and the Group is the responsibility of the Trustees who are elected and co-opted under the terms of the Charitable Incorporated Organisation. A robust process for the application, assessment and appointment of Trustees is in place and individuals identified to complete the full board.

Policies adopted for the induction and training of Trustees

SAERI relies on the Charity Commission guidance 'The Essential Trustee' as well as provides for all Trustees an information pack containing financial information, the latest business plan, the constitution of the charity and information on the Board, its structure, the organisational structure and the policies of the organisation. It has a set of Terms of Reference for the Board as well as the Audit and Remuneration committees.

Pay policy for senior staff

The Board approved a salary scale for all staff permanent and casual. There are grades and steps within those grades. The senior staff are employed at the same levels which were applied when SAERI was part of the Falkland Islands Government. The Chairman of the Board is responsible for negotiating the salary package of the Executive Director, and the salaries of the Senior Management Team are recommended by the Executive Director to the Board and the Remuneration Committee.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

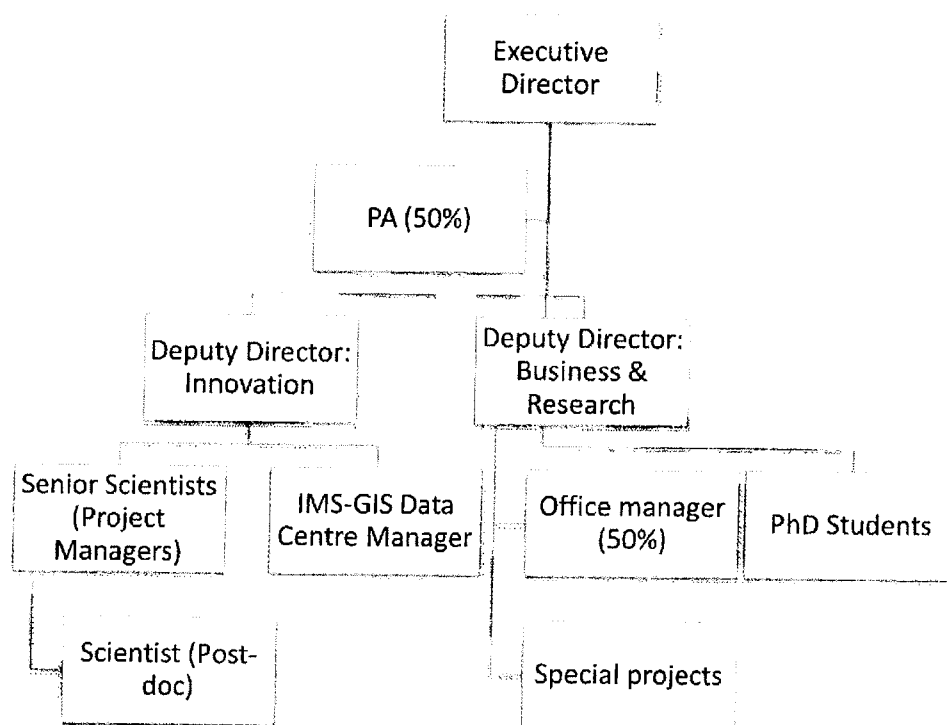
TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

Organisational structure and decision making

The Board of Trustees currently comprises the three individuals tasked as a Founding Board to select and appoint a full Board. The Executive Director of SAERI is also a Trustee, however, this appointment is due to the individual and not the role *per se*.

The Board has issued a Delegation of Authority which clearly lays out areas of decision-making and yet empowers the Executive Director to be flexible in his authority and nimble in his decision-making where necessary.

The organisation is currently structured thus:



Risk management

SAERI has developed a Risk Management Policy and a Risk Matrix which is reviewed annually by the Board along with all the Institute's Policies and Procedures.

It should be noted that an incident of credit card fraud was detected on one of the cards belonging to the Falkland Islands Main unrestricted account. The card had been used for organisational purchases, following which a series of fraudulent transactions appeared on the card statement. Once detected, the matter was immediately reported to the bank, the Board, and once resolved to the Charity Commission and to Action Fraud. The bank agreed to cover the value of all the fraudulent transactions. The Charity Commission was satisfied with the response and the additional mitigations enacted by the organisation. There was no financial loss to SAERI.

The Trustees have assessed the major risks to which the Charity and the Group is exposed, in particular those related to the operations and finances of the Charity and the Group, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

Plans for future periods

Future developments

SAERI is working closely with FIG and its international collaborators to actively pursue a niche position for the Falklands with regards to access to the Patagonian Shelf as well as the potential to be positioned as a gateway to the Antarctic and South Georgia. This includes building a science hub in the Falkland Islands to support local, international and regional science. Science facilities are limited and do not currently meet demand. SAERI is currently assessing the demand for science and the spectrum of science needs in order to identify the potential business case.

The IMS-GIS Centre by SAERI in the Falklands has been very successful and in order to increase the volume and spectrum of data services we have formed a collaboration with the University of Dundee to provide a global reach. This will allow it to operate more efficiently in the areas for 'big data' management and Earth Observation without the constraints of poor internet and limited bandwidth. This will allow a much better service to our OT colleagues. The collaboration is in its early stages and has a development phase that will last until June 2019.

The recruitment and appointment of the right staff is also key to SAERI's success in delivering its charitable objectives. This includes the addition of a senior science role (Deputy Director – Science) that will help deliver the science strategy along with the relevant trustees, Executive Director and senior scientists.

Information on fundraising practices

SAERI relies on relationships and market scanning to identify grant opportunities. Additionally, SAERI is developing a number of strategies for fund raising – these include but not limited to:

- Regular formalised grant meetings between SAERI Senior Management and relevant Board Members
- A Science Sub-Committee administered by the board of trustees. Its remit will include the formulation of science strategy with staff scientists, granting opportunities and funding generally
- A Donor/Philanthropy Strategy and Policy Development in collaborations with SAERI's Board.

Trustees' responsibilities statement

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales 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 Charity and the Group and of the incoming resources and application of resources of the Group for that period. In preparing these financial statements, the Trustees are required to:

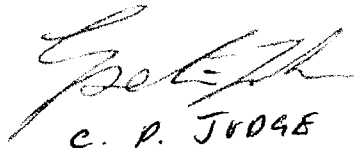
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 30 JUNE 2018

This report was approved by the Trustees, on *4th March* and signed on their behalf by:


C. P. JUDGE

CHAIR

Only Authorised by the Board

4th March 2019

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

Opinion

We have audited the financial statements of South Atlantic Environmental Research Institute (the 'Charity') and its subsidiary (the 'Group') for the period ended 30 June 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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 FRS 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 Charity's affairs as at 30 June 2018 and of the Group's incoming resources and application of resources for the period 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.

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 Charity 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The terms on which the United Kingdom may withdraw from the European Union, currently due to occur on 29 March 2019, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the [Group's and] Charity's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the [Group and] Charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the [Group's and] Charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Charity and this is particularly the case in relation to Brexit.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

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 financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and the Charity'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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 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 Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to [prepare the financial statements in accordance with the small companies regime] [and] [take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report].

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

Responsibilities of Directors

As explained more fully in the Trustees' responsibilities statement set out on page 2, the Trustees 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.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Charity'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 directors intend to liquidate the Group and the Charity or to cease operations, or have no realistic alternative but to do so.

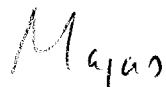
Auditor's responsibilities for the audit of the financial statements

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.

Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's 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 Charity and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol

Bristol
BS1 6DP

Date:

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 30 JUNE 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Income from:				
Donations and legacies	2	307,475	1,391,875	1,699,350
Other trading activities	3	261,385	-	261,385
Other income		42,451	27,902	70,353
Total income		<u>611,311</u>	<u>1,419,777</u>	<u>2,031,088</u>
Expenditure on:				
Raising funds	3	205,714	-	205,714
Charitable activities	4,6	281,890	907,552	1,189,442
Total expenditure	7	<u>487,604</u>	<u>907,552</u>	<u>1,395,156</u>
Net income				
Transfers between Funds	15	123,707 1,650	512,225 (1,650)	635,932 -
Net income before other recognised gains and losses		<u>125,357</u>	<u>510,575</u>	<u>635,932</u>
Net movement in funds		125,357	510,575	635,932
Reconciliation of funds:				
Total funds brought forward		-	-	-
Total funds carried forward		<u>125,357</u>	<u>510,575</u>	<u>635,932</u>

The notes on pages 21 to 31 form part of these financial statements.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

	Note	£	2018 £
Fixed assets			
Tangible assets	11		42,119
Current assets			
Debtors	13	98,724	
Cash at bank and in hand		576,118	
		<u>674,842</u>	
Creditors: amounts falling due within one year	14	(81,029)	
Net current assets			<u>593,813</u>
Net assets			<u>635,932</u>
Charlty Funds			
Restricted funds	15		510,575
Unrestricted funds	15		<u>125,357</u>
Total funds			<u>635,932</u>

The financial statements were approved by the Trustees on **4th March 2019** and signed on their behalf, by

C P Judge, Chair, As authorised by the Board



The notes on pages 21 to 31 form part of these financial statements.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

CHARITY BALANCE SHEET AS AT 30 JUNE 2018

	Note	£	2018 £
Fixed assets			
Tangible assets	11		40,113
Investments	12		100
			<u>40,213</u>
Current assets			
Debtors	13	90,202	
Cash at bank		572,891	
		<u>663,093</u>	
Creditors: amounts falling due within one year	14	(67,754)	
Net current assets			<u>595,339</u>
Net assets			<u>635,552</u>
Charity Funds			
Restricted funds			516,258
Unrestricted funds			<u>119,294</u>
Total funds			<u>635,552</u>

The financial statements were approved by the Trustees on **4th March 2019** and signed on their behalf, by
C P Judge, Chair, As authorised by the Board



The notes on pages 21 to 31 form part of these financial statements.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	Note	2018 £
Cash flows from operating activities		
Net cash provided by operating activities	17	<u>625,462</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets		<u>(49,344)</u>
Net cash used in investing activities		<u>(49,344)</u>
Change in cash and cash equivalents in the period		576,118
Cash and cash equivalents brought forward		<u>-</u>
Cash and cash equivalents carried forward	18	<u><u>576,118</u></u>

The notes on pages 21 to 31 form part of these financial statements.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

1. Accounting Policies

1.1 General information

South Atlantic Environmental Research Institute is a Charitable Incorporated Organisation, registered with the Charity Commission in England & Wales with a registered number 1173105 on 17 May 2017. Its registered office is Falkland House, 14 Broadway, Westminster, London, SW1H 0BH.

The financial statements are presented in Sterling which is the functional currency of the Group and are rounded to the nearest £.

1.2 Basis of preparation of financial statements

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

South Atlantic Environmental Research Institute constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Charity alone.

1.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' Report for more information about their contribution.

On receipt, donated 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.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

1. Accounting Policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

1.5 Basis of consolidation

The financial statements consolidate the accounts of South Atlantic Environmental Research Institute and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the period are included from the effective date of acquisition.

The income and expenditure account for the period dealt with in the accounts of the Charity was £673,555.

1.6 Tangible fixed assets and depreciation

All assets costing more than £200 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Consolidated Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	10 years
Motor vehicles	-	10 years
Office equipment	-	2 years
Computer equipment	-	4 years

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Consolidated Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

1. Accounting Policies (continued)

1.8 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.

1.9 Debtors

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

1.10 Cash at Bank and in hand

Cash at bank and 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.

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the period.

1.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

2. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Donations	147,476	435,207	582,683
Grants	159,999	956,668	1,116,667
	<hr/>	<hr/>	<hr/>
Total donations and legacies	307,475	1,391,875	1,699,350
	<hr/>	<hr/>	<hr/>

3. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Subsidiary trading income			
SAERI (Falklands) Limited income	261,385	-	261,385
	<hr/>	<hr/>	<hr/>
Subsidiary trading expenses			
Cost of goods sold	82,998	-	82,998
Direct expenses	4,298	-	4,298
Advertising & marketing	150	-	150
Bank fees	222	-	222
Consulting	112,212	-	112,212
General expenses	217	-	217
Legal expenses	3,026	-	3,026
Travel - national	250	-	250
Corporation tax	422	-	422
Accountancy	1,250	-	1,250
Depreciation of tangible fixed assets	669	-	669
	<hr/>	<hr/>	<hr/>
	205,714	-	205,714
	<hr/>	<hr/>	<hr/>
Net income from trading activities	55,671	-	55,671
	<hr/>	<hr/>	<hr/>

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

4. Direct costs

	Activities £	Total 2018 £
Direct expenses	29,499	29,499
Project delivery costs	127,987	127,987
Specialist consultants	219,596	219,596
Travel and subsistence	141,138	141,138
IT costs	80	80
Medical insurance and other staff costs	9,203	9,203
Wages and salaries	263,268	263,268
National insurance	1,939	1,939
Pension cost	9,976	9,976
	<u>802,686</u>	<u>802,686</u>

5. Support costs

	Activities £	Total 2018 £
Advertising and marketing	3,000	3,000
Bank fees	507	507
Cleaning	2,342	2,342
Consulting	17,718	17,718
Entertainment	648	648
General expenses	(1,425)	(1,425)
Insurance	28,540	28,540
IT costs	7,119	7,119
Legal expenses	10,035	10,035
Medical insurance and other staff costs	816	816
Motor vehicle expenses	1,698	1,698
Postage, freight and courier	271	271
Printing and stationery	1,464	1,464
Realised currency (gain)/loss	342	342
Rent	24,688	24,688
Repairs and maintenance	88	88
Staff training	57	57
Subscriptions	530	530
Telephone and internet	5,355	5,355
Travel - air transport	24,830	24,830
Travel & subsistence	15,537	15,537
Utilities	9,600	9,600
Wages and salaries	189,870	189,870
National insurance	9,612	9,612
Pension cost	10,855	10,855
Depreciation	6,556	6,556
	<u>370,653</u>	<u>370,653</u>

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

6. Governance costs

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Auditors' remuneration	6,600	-	6,600
Auditors' non audit costs	9,387	-	9,387
Board expenses	116	-	116
	<u>16,103</u>	<u>-</u>	<u>16,103</u>

7. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £
Expenditure on fundraising trading	-	669	205,045	205,714
Costs of raising funds	<u>-</u>	<u>669</u>	<u>205,045</u>	<u>205,714</u>
Direct costs	485,520	6,556	681,263	1,173,339
Expenditure on governance	-	-	16,103	16,103
	<u>485,520</u>	<u>7,225</u>	<u>902,411</u>	<u>1,395,156</u>

8. Net income/(expenditure)

This is stated after charging:

	2018 £
Depreciation of tangible fixed assets:	
- owned by the charitable group	7,225
Auditor's remuneration - audit	6,600
	<u>13,825</u>

9. Auditor's remuneration

The Auditor's remuneration amounts to an Audit fee of £6,600 and other accounting, payroll and VAT services of £9,387.

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

10. Staff costs

Staff costs were as follows:

	2018 £
Wages and salaries	453,138
Social security costs	11,551
Other pension costs	20,831
	<u>485,520</u>

The average number of persons employed by the Charity during the period was as follows:

	2018 No.
Employees	12

No employee received remuneration amounting to more than £60,000 in the year.

The Board considers that the Trustees, the Executive Director, the Deputy Director – Business & Programmes, Teresa Bowers, and the Deputy Director, Tara Pelembe, are the key management personnel of the charity. During the year, the total remuneration of key management personnel, including employers' pension contributions, amounted to £150,228.

No Trustees were paid for their role as a Trustee. However Paul Brickle, a Trustee, is remunerated in his capacity as Executive Director.

11. Tangible fixed assets

Group	Plant & machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost					
Additions	6,786	14,500	582	27,476	49,344
At 30 June 2018	<u>6,786</u>	<u>14,500</u>	<u>582</u>	<u>27,476</u>	<u>49,344</u>
Depreciation					
Charge for the period	828	242	165	5,990	7,225
At 30 June 2018	<u>828</u>	<u>242</u>	<u>165</u>	<u>5,990</u>	<u>7,225</u>
Net book value					
At 30 June 2018	<u>5,958</u>	<u>14,258</u>	<u>417</u>	<u>21,486</u>	<u>42,119</u>

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

11 Tangible fixed assets (continued)

	Plant & machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Charity					
Cost					
Additions	4,111	14,500	582	27,476	46,669
At 30 June 2018	4,111	14,500	582	27,476	46,669
Depreciation					
Charge for the period	159	242	165	5,990	6,556
At 30 June 2018	159	242	165	5,990	6,556
Net book value					
At 30 June 2018	3,952	14,258	417	21,486	40,113

12. Fixed asset investments

	Shares in group undertakings £
Charity	
Market value	
At 18 May 2017	-
Additions	100
At 30 June 2018	100
Charity investments at market value comprise:	
	2018
	£
Group	100

All the fixed asset investments are held overseas

13. Debtors

	Group	Charity
	2018	2018
	£	£
Trade debtors	64,297	60,178
Other debtors	1	1
Prepayments and accrued income	34,426	30,023
	98,724	90,202

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

14. Creditors: Amounts falling due within one year

	Group	Charity
	2018	2018
	£	£
Trade creditors	15,008	10,386
Amounts owed to group undertakings	-	3,288
Corporation tax	422	-
Other creditors	397	397
Accruals and deferred income	65,202	53,683
	<u>81,029</u>	<u>67,754</u>

15. Statement of funds

Statement of funds - current year

	Balance at 18 May 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 30 June 2018 £
Unrestricted funds					
General Funds	-	349,926	(226,413)	1,650	125,163
SAERI (Falklands) Limited	-	261,385	(261,191)	-	194
	<u>-</u>	<u>611,311</u>	<u>(487,604)</u>	<u>1,650</u>	<u>125,357</u>
Restricted funds					
D+ Cetaceans	-	129,918	(112,791)	-	17,127
GAP	-	216,366	(155,680)	-	60,686
MSP	-	34,177	(34,169)	-	8
Coastal Mapping	-	123,070	(85,276)	-	37,794
Montserrat	-	89,286	(82,199)	-	7,087
Fur Seals Tracking	-	37,148	(31,585)	-	5,563
D+ MMA	-	36,430	(474)	-	35,956
MOVE	-	18,782	(1,087)	-	17,695
Natural Capital Assessment	-	416,167	(168,219)	-	247,948
D+ Soil Mapping	-	25,908	(236)	(1,650)	24,022
Best 2.0	-	28,747	(32,839)	-	(4,092)
Discovery 100	-	180,510	(138,060)	-	42,450
PHD Students	-	83,268	(64,937)	-	18,331
	<u>-</u>	<u>1,419,777</u>	<u>(907,552)</u>	<u>(1,650)</u>	<u>510,575</u>
Total of funds	<u>-</u>	<u>2,031,088</u>	<u>(1,395,156)</u>	<u>-</u>	<u>635,932</u>

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

Summary of funds - current year

	Balance at 18 May 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 30 June 2018 £
General funds	-	611,311	(487,604)	1,650	125,357
Restricted funds	-	1,419,777	(907,552)	(1,650)	510,575
	-	2,031,088	(1,395,156)	-	635,932

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	20,436	21,683	42,119
Current assets	115,992	558,850	674,842
Creditors due within one year	(11,071)	(69,958)	(81,029)
	125,357	510,575	635,932

17. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2018 £
Net income for the year (as per Statement of Financial Activities)	635,932
Adjustment for:	
Depreciation charges	7,225
Increase in debtors	(98,724)
Increase in creditors	81,029
Net cash provided by operating activities	625,462

SOUTH ATLANTIC ENVIRONMENTAL RESEARCH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

18. Analysis of cash and cash equivalents

	<u>Group</u> <u>2018</u> <u>£</u>
Cash in hand	576,118
Total	<u>576,118</u>

19. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £20,831. Contributions totalling £396 were payable to the fund at the balance sheet date and are included in creditors.

20. Related party transactions

During the year trustee Dr Paul Brickle was paid £58,529 for his role as Executive Director rather than for being a trustee.

No other trustees were paid any remuneration nor reimbursed any expenses during the year.

21. Principal subsidiaries

SAERI (Falklands) Limited

Subsidiary name	SAERI (Falklands) Limited
Basis of control	Shareholding
Equity shareholding %	100%
Total assets as at 30 June 2018	£ 15,442
Total liabilities as at 30 June 2018	£ (15,148)
Total equity as at 30 June 2018	£ 294
Turnover for the period ended 30 June 2018	£ 261,385
Expenditure for the period ended 30 June 2018	£ (261,191)
Profit for the period ended 30 June 2018	£ 194

