

Company number: 09644797

Charity Number: 01162666

Nekton Foundation

Report and financial statements

For the year ended 31 December 2018

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For the year ended 31 December 2017

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Nekton Foundation

Reference and administrative information

For the year ended 31 December 2018

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	<p>Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:</p> <table><tr><td>Chair:</td><td>Rupert Grey</td></tr><tr><td>Trustees:</td><td>Nigel Winsor (Vice Chair)</td></tr><tr><td></td><td>Professor Alex Rogers (resigned 2 July 2019)</td></tr><tr><td></td><td>Juliet Burnett</td></tr><tr><td></td><td>Paul Jardine</td></tr><tr><td></td><td>Captain Paul Crowther</td></tr><tr><td></td><td>Emily Penn (appointed 23 March 2018)</td></tr><tr><td></td><td>Professor Callum Roberts (appointed 30 January 2019)</td></tr><tr><td></td><td>Robert McCallum (appointed 30 January 2019)</td></tr><tr><td></td><td>Vanessa Rice (appointed 16 May 2019)</td></tr></table>	Chair:	Rupert Grey	Trustees:	Nigel Winsor (Vice Chair)		Professor Alex Rogers (resigned 2 July 2019)		Juliet Burnett		Paul Jardine		Captain Paul Crowther		Emily Penn (appointed 23 March 2018)		Professor Callum Roberts (appointed 30 January 2019)		Robert McCallum (appointed 30 January 2019)		Vanessa Rice (appointed 16 May 2019)
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Key management personnel	<table><tr><td>Chief Executive:</td><td>Oliver Steeds</td></tr><tr><td>Science Director:</td><td>Professor Alex Rogers</td></tr><tr><td>Head of Finance:</td><td>Belinda Bramley (to 1 June 2018)</td></tr><tr><td>Head of Impact:</td><td>Belinda Bramley</td></tr><tr><td>Finance & Operations Controller:</td><td>Alex Murphy (from 4 June 2018)</td></tr></table>	Chief Executive:	Oliver Steeds	Science Director:	Professor Alex Rogers	Head of Finance:	Belinda Bramley (to 1 June 2018)	Head of Impact:	Belinda Bramley	Finance & Operations Controller:	Alex Murphy (from 4 June 2018)										
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Head of Finance:	Belinda Bramley (to 1 June 2018)																				
Head of Impact:	Belinda Bramley																				
Finance & Operations Controller:	Alex Murphy (from 4 June 2018)																				
Bankers	Royal Bank of Scotland 1 st Floor, Houblon House 62-63 Threadneedle Street London EC2R 8HP																				
Solicitors	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1B																				

Nekton Foundation

Reference and administrative information

For the year ended 31 December 2018

Blake Morgan (appointed July 2018)
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

The trustees present their report and the audited financial statements for the year ended 31 December 2018.

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.

Objectives and activities

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 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.

The core of our work is anchored around Missions. We work with and on behalf of island and coastal nations. Each mission combines scientific research, capacity development and ocean policy with public engagement activities to achieve the maximum impact.

1. **Science – Applied Research:** Our multi-disciplinary, collaborative scientific research activities are focused on the upper 1000m of the ocean, from the surface into the Bathyal Zone (200m to 3000m), the home of the greatest biodiversity in the ocean. We develop and deploy new standardized approaches and technologies to accelerate scientific discovery and create a baseline of the scale and distribution of marine life and impacts of human activity.
2. **Ocean Policy:** The sustainable governance of the ocean is being hampered by a lack of scientific knowledge. Global policy-makers need actionable, open-access data about the state of the ocean to make better and informed decisions. Nekton's research generates multi-disciplinary marine datasets for accurate marine spatial planning, determines conservation priorities for marine protected areas and establishes a scientific baseline of marine life and ocean health for long-term monitoring management.
3. **Capacity development:** A legacy of long-term sustainable ocean governance requires major international, regional and local development in human capacity across marine science, conservation and ocean management. From ship to shore and throughout all of our operations, local and regional scientists, policy-makers and marine managers are integrally involved through coordinated programmes of grants, training and development opportunities.
4. **Public Engagement:** No longer will the deep ocean be out of sight and out of mind.

The transparent hulls of our submersibles enable global audiences to witness people in the deep. Our global programmes of public engagement and education follow the voyage of our aquanauts into the last great unknown frontier on our planet to inspire and amplify ocean awareness and accelerate ocean literacy. These activities promote sustainable marine tourism, strengthen the public mandate for political action, and create 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:

- **Field research protocols** – standard-setting (to ensure data gathered by the marine science community is comparable between regions and over time) – GOSSIP – *General Ocean Survey and Sampling Iterative Protocol*.
- **Ocean Data:** increasing marine data accessibility and usability (through OCTOPUS – the Ocean Tool for Public Understanding and Science)
- **Technology:** pioneering technological advances such as video machine-learning to accelerate analysis of video data.

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.

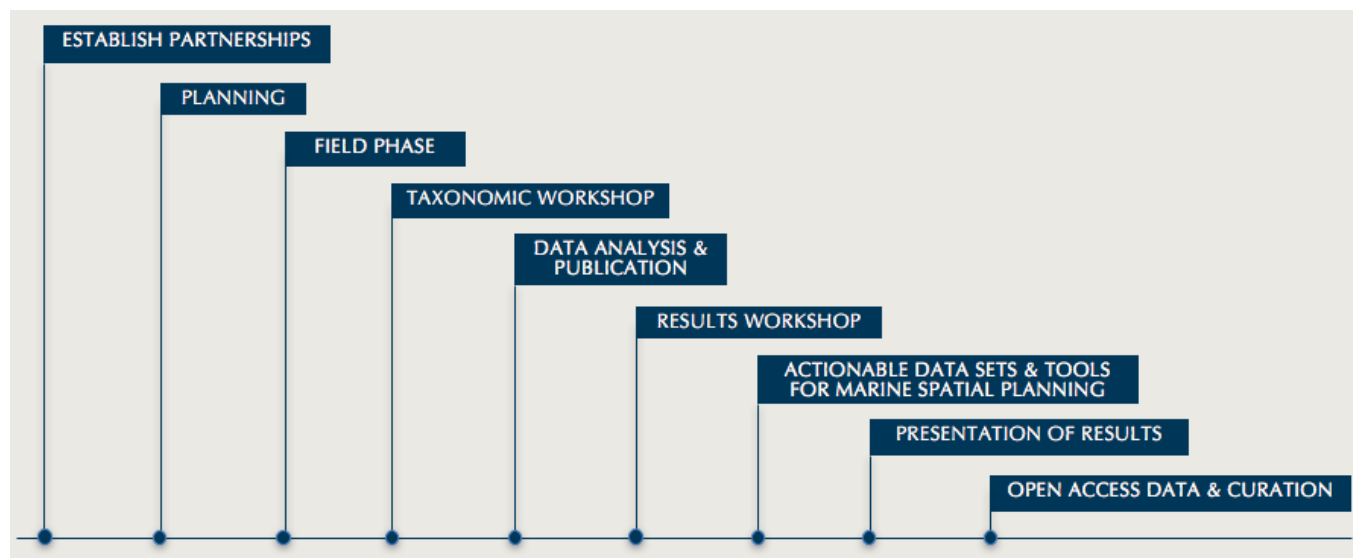
Funding & Business Model: We are funded through an Alliance of Mission, Strategic and Founding Partners and philanthropic grants and donations. We implement our operations with our Strategic and Collaborating partners who share a common purpose to explore and protect the ocean.

In 2018, Nekton were selected by the UK Government's Great Campaign as an icon of British leadership in science, innovation, exploration and conservation (see right and above).

Nekton's Mission Strategy

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





DATE	ACTION	DETAILS
July-Sep '19	Identify and establish Host Nation Partnerships	Across marine science, capacity development, communications, education and ocean management. The strategy, goals and desired outcomes for scientific research, capacity development, public engagement and ocean management with all stakeholders are defined and agreed.
Nov '19	Science Mission Planning Event	Through stakeholder discussions the team decide on location, scientific priorities and roles and responsibilities of the wider team. The creation of science plans, detailed cruise plans and capacity development plans are all initiated including the selection of the research locations (see below). The Science Plan is created by Nekton and Partners and submitted as part of the Permit application (including for the Expedition vessel(s)).
From Dec'19	Grants Programme	A national open grant call is co-designed and launched to stimulate local participation and deeper water research questions aligned to the MSP.
Jan-Feb '2020	Field Research Phase	Undertaken with local partners engaged in all areas of the Mission including communications and outreach with participation from policy and decision makers. Includes Expedition kick-off meetings, launch announcements etc. Mobilisation of the Expedition's mothership, with all Nekton and partners' equipment for research and communications
July-Aug 2020	Taxonomic Acceleration Workshop	A post research cruise workshop held to accelerate the identification of specimens by world experts and to provide training to early career researchers in taxonomic skills.
July-Aug 2020	Fellowships to Oxford	Host nation scientists undertake a fellowship through the Africa-Oxford Initiative (AfOx) to Oxford University and Nekton labs to develop research skills and experience and enhance their network
May 2020 – May '21	Data Analysis and peer-reviewed scientific publications	A series of networked laboratories, potentially from the host nation, Nekton and participating institutes globally, collaborate on data analysis and publication, drawing on world-class expertise to develop capacity and accelerate findings.
June 2021	Actionable datasets and tools	Actionable datasets and tools are generated to inform marine spatial planning by appropriate partners and authorities, including but not limited to new bathymetric data, species guides and ecosystem assessments. A final workshop is held in the host nation with all collaborators to share collective expedition findings.
October 2021	Public Presentation to	The Government of the Host Nation is presented with data, publications and reports

	Host Nation Government	published by this point pertaining to the mission.
October 2021 - on	Open Access Data, Specimen curation.	All approved data are archived and provided open-access on major ocean data platforms and on OCTOPUS, the Ocean Tool for Public Understanding of Science. All specimens will be curated in permanent collections, ideally in the Maldives.
October 2021- October 2022	Summit	Host Nation partners – including political leadership - participate in the development and delivery of a major regional summit, organised by Nekton to help determine the scientific consensus of the regional state of the ocean, an implementation strategy for 30 x 30 in the region.

Achievements and performance

Nekton's main activities in 2018 were centred on completing data analysis and publication of the scientific findings from our first Mission – the XL Catlin Deep Ocean Survey in Bermuda, the Sargasso Sea and the NW Atlantic – alongside the start of our next major Mission to the Indian Ocean 2018-2022 (First Descent: Indian Ocean).

In addition, we participated in research expeditions to the Comores (Pathfinder for Indian Ocean) and the Weddell Sea, Antarctica along with launching 3 new Innovation Projects:

- Octopus, an open-sourced global ocean data portal.
- GOSSIP (General Ocean Survey and Sampling Iterative Protocol) – the first multi-disciplinary marine field-research protocol.
- AI: accelerating video analysis using AI and machine learning (part of the Weddell Sea Expedition research programme).

1. Indian Ocean Mission 2018-2022: Development, Pathfinder Expedition & Launch

Nekton's next major mission has been in development throughout 2018. The mission – named *First Descent: Indian Ocean* combines three expeditions to explore and conserve the world's most unknown and least protected ocean. The Mission concludes with a state of the Indian Ocean Summit in October 2022 to deliver scientific consensus on the state of the Indian Ocean and to galvanise 30% protection by 2030.

Expedition 1: Seychelles: 2018-2020

Seychelles partnerships have been established and the Expedition planning took place in 2018 and early 2019, field operations took place March-April 2019 in Seychelles. Seychelles are a beacon and bellwether for ocean conservation in the Indian Ocean and globally – creating the first oceanic debt for nature swap and leading the development of a sustainable blue economy. Seychelles have committed to protecting 30% of their vast ocean territory by 2020 – equivalent in size to protecting an area twice the size of the United Kingdom. For further details on objectives and outcomes for the Seychelles Expedition, see section below.

"The Nekton Oxford Deep Ocean Research Institute is conducting research that will mark a step-change in our knowledge of the Indian Ocean. The Mission, which represents the best in the UK's marine science, technology and environmental protection offer, will work with governments to help inform sustainable ocean governance and policy and will aim to conclude with a "State of the Indian Ocean Summit" in 2022."

Nigel Casey, UK High Commissioner to South Africa
(UK Statement, Indian Ocean Rim Association, Council of Ministers, November 2018)

Indian Ocean Pathfinder Expedition: Comores 2018: Nekton joined and participated in an Expedition organised by South Africa based WildOceans in Comores deploying a range of different research tools including an ROV down to 100m. This was a pathfinder expedition to establish initial morphological data to inform research undertaken in Seychelles. Initial assessment of faunal diversity and abundance has helped to pin point the focus of the research activities in Seychelles.

2. WEDDELL SEA EXPEDITION

The Weddell Sea Expedition 2019 was a major international scientific expedition to explore 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 field operations began in December 2018 and ran through to February 2019.

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.



A new D.Phil student supported by a NERC Grant joined the Nekton Research Group in 2018 to participate in the Expedition, gather the data and then to work up the video data and utilise AI and machine learning systems associated with the identification of biodiversity from video imagery. The project is supported by Zooniverse - <https://www.zooniverse.org/>. Zooniverse gives people of all ages and backgrounds the chance to participate in real research with over 50 active online citizen science projects. Zooniverse has completed over 390million classifications by over 1.7million registered users.

3. SCIENTIFIC RESEARCH

The Nekton Ocean Research Institute now combines the Nekton Research Group (University of Oxford), Nekton's laboratories and Nekton Mission HQ.

3.1 Nekton Research Group: Zoology Department, University of Oxford

Throughout 2018, we have strengthened the Nekton Research Group at the Zoology Department, University of Oxford. In 2018, the Nekton Research Group was led by Professor Alex Rogers (Nekton Science Director) and Dr Lucy Woodall (Nekton Principal Scientist) and includes Dr Paris Stefanoudis and two PhD students (1 focused on the Weddell Sea Expedition and another on the Indian Ocean Mission). In 2019, the team expands to include a Geospatial Developer and a Marine Geospatial Modeller (working on Octopus), a post-doc research (coral taxonomist).

3.2 Mission: XL Catlin Deep Ocean Survey: Bermuda & NW Atlantic 2016-2018

Throughout 2018, analysis and publications from the XL Catlin Deep Ocean Survey Mission continued, concluding a highly productive Phase 1 of Nekton's strategy (2016-2018). Results were presented to the Government of Bermuda, XL Foundation and partners in Bermuda. A total of 20 scientific papers will be published within 30months of concluding field research activities.

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For the year ended 31 December 2018

The mission's research galvanised action on marine conservation in Bermuda leading to the government's commitment to protect 20% of their territorial waters (see Ocean Governance section below).

The discovery of an estimated 100 species new to science in the upper bathyal depths (30m-300m) and the confirmation of a new habitat in the ocean (Rariphotic Zone) in Bermuda during Mission I is Nekton's first high impact scientific contribution. This diversity and quantity of unique species at this depth has never been recorded before, challenging our assumptions of the patterns of diversity and the number of species in the ocean.

Scientific results and publications include:

- Species ID Guide for Bermuda (right): published online for free download: (https://figshare.com/articles/Deep_Reef_Benthos_of_Bermuda_Field_Identification_Guide/7333838) and featured on the [Mesophotic.org](https://mesophotic.org). It provides a photographic guide for the visual identification of many of the corals, marine plants and other common invertebrates that inhabit Bermuda's outer deep reefs and designed to aid marine biologists, divers and naturalists with the identification of organisms as seen in underwater footage or live in the field.
- 12 published by end of 2018, 2 in review, and the remaining collaborators' papers due to be published in 2019. Full list of publications can be viewed [here](#).

Specific scientific discoveries and publications include:

- Discovery of the deepest known living marine macroalga (new coralline rhodolith).
- Morphological plasticity of coral species indicating high capacity for adaptation to low light conditions in mesophotic habitats.
- Six new species of red algae represents a significant addition for the region and suggests a biodiversity hotspot for the genus in Bermuda.
- Slope-shelf faunal link and unreported diversity off Nova Scotia - evidenced from polychaete data.
- Three new species of algae discovered in Bermuda reveal first evidence of related transoceanic distributions (from New Zealand, Australia and Mediterranean).
- Changes in zooplankton communities from epipelagic to lower mesopelagic waters and the importance of their food web structure in ocean carbon cycling models.
- Confirmation of the Rariphotic Zone (130m-300m) and novelty of deeper reef fish faunas, suggesting limited applicability of the deep reef refuge hypothesis, and showcasing the vulnerability of deep reefs to targeted fishing pressure and invasive species.



3.3 Field Research Protocol: GOSSIP: *General Ocean Survey and Sampling Iterative Protocol* ([full details and films](#))

Following field testing during the XL Catlin Deep Ocean Survey, involving scientists from 12 research institutes and over two dozen research tools, Nekton brought together 16 marine research scientists from across different disciplines to author and publish GOSSIP – the General Ocean Survey and Sampling Iterative Protocol. GOSSIP was published in the highly respected scientific journal: [Oceanography](#).

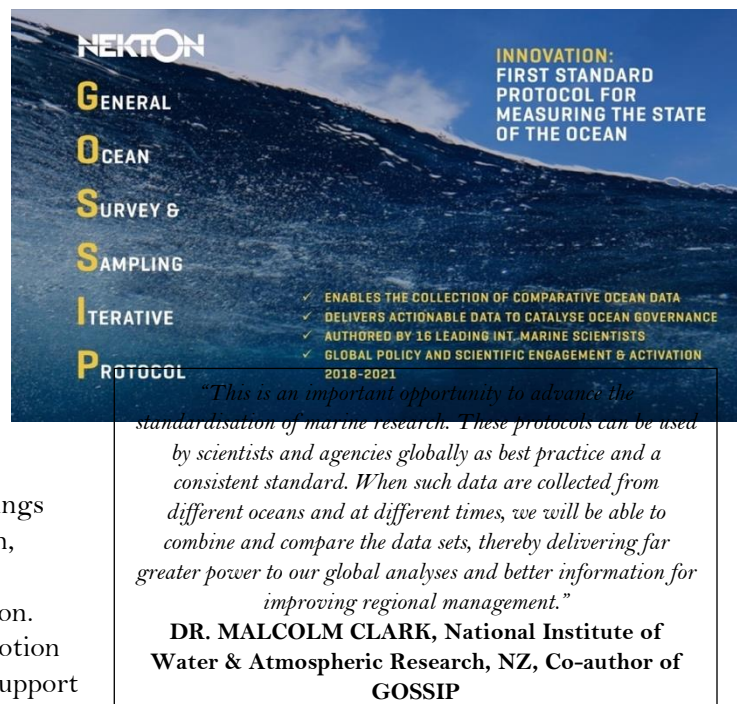
"For sustainable management of the ocean to be improved, we need actionable data. GOSSIP enables marine scientists to measure standardised physical, chemical and biological indicators and generate comparable data on the function, health and resilience of the ocean. This will help catalyse improved ocean governance."

**PROFESSOR ALEX ROGERS, University of Oxford, Nekton Science
Director (2018)**

The new GOSSIP protocol provides a standardised framework for measuring the factors that can shape the diversity, distribution and abundance of marine life. It is designed to be used by all disciplines – in ocean chemistry, geophysics, biology, ecology – so that the information they measure and record about deep sea marine life and environments is easily comparable from project to project, from area to area.

Distribution, promotion and development.

GOSSIP has been promoted and distributed at a series of major presentations and events globally including with NOAA (National Oceanic and Atmospheric Administration) in the USA, Deep Sea Biology Society Symposium, at the Royal Society (UK) and online at Mesophotic.org. A technical guide to GOSSIP has been developed in the first 6 months of 2019. Preliminary meetings were also held during this period with the Commonwealth, United Nations and National Oceanic and Atmospheric Administration (NOAA) to explore adoption and promotion. Ongoing activities throughout 2019 include further promotion with the objective of GOSSIP being adopted as a tool to support multidisciplinary marine research globally. These activities are all supported by a generous grant from the Garfield Weston Foundation.



3.4 Nekton Laboratories

Nekton-led research and analysis from the XL Catlin Deep Ocean Survey along with other research activities (see below) has continued at the Nekton laboratories at Begbroke Science Park. These activities included:

- Marine Litter: deep-sea anthropogenic macrodebris harbours rich and diverse communities of bacteria and archaea. Published [Plos One](#)
- Marine Litter: Quantification is more than counting: actions required to accurately quantify and report isolated marine microplastics (published [Marine Pollution Bulletin](#)).
- Zooplankton Research: sorting and screening previously gathered SW Indian Ocean zooplankton samples to contribute to key datasets for Indian Ocean Mission 2018-2022.
- Workshops – e.g. with ZSL on developing plastic policy tools, and Common Seas at Klosters Forum.

3.5 Ocean Data & Octopus

In 2018, we launched Octopus in collaboration with the University of Oxford. The Ocean Tool for Public Understanding and Science (OCTOPUS) provides a single source to freely access the latest global marine data including on oceanographic observations, biodiversity and human stressors on the ocean. A critical contribution to a global infrastructure for data-driven ocean governance, OCTOPUS is constantly updated and is accessible to scientists, policy makers, businesses and the general public and aims to catalyse a new era of collaborative marine research, the sustainable development of the blue economy and sustainable ocean governance.

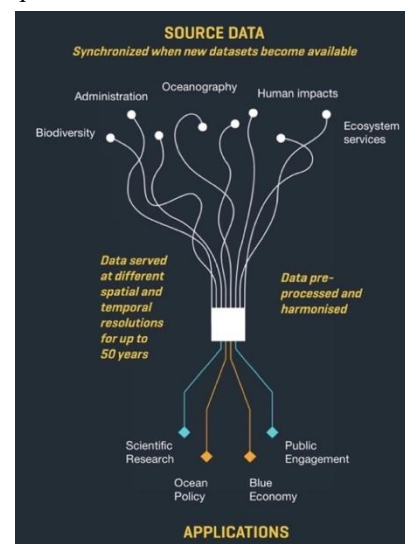
OCTOPUS harvests 98 billion data points from 25 open sources to create 30 different thematic layers related to biodiversity, administration, oceanography, human impact and ecosystem services. The Ocean Data Explorer is the central gateway for users to access, analyse and visualize the state of the ocean including related to Ocean biodiversity, Oceanography, Ecosystem services, Human impacts, and Administration (MPAs, EEZ etc.)

The OCTOPUS server is constantly updated. As new datasets become available from any sources, they are harvested, pre-processed and ingested into the database. Where applicable, data are served at different spatial (original, 0.09°) and temporal (1 month, 1 year, 10 year, 50 year) resolutions, at standard depth levels, spanning up to 50 years. Sources currently include the Ocean Biodiversity Information System (OBIS), Intergovernmental Oceanographic Commission (IOC), European Union (EU), International Seabed Authority, Food and Agricultural Organization (FAO) and United Nations Environment Program (UNEP).

During 2018, Nekton recruited two new posts to the Nekton Research Group (Geospatial Developer and a Marine Geospatial Modeller) to begin in 2019 and support the development of Octopus and the creation of two major applications to demonstrate the use of Octopus to the scientific and ocean policy communities. Partnership discussions with United Nations Environment Programme, Commonwealth and Global Fishing Watch were activated towards the end of 2018 with a goal of developing key partners and endorsements going forward.

"OCTOPUS enables scientists, policy makers and the general public to have open-access to a wide variety of current and high quality marine data to inform and catalyse their activities. In effect, it is a gateway to knowledge on marine ecosystems. We hope it can become the data brain to inform and accelerate the sustainable governance of the ocean".

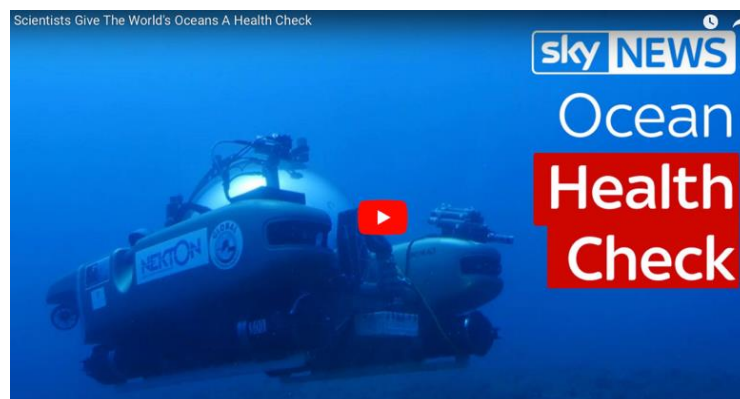
Professor Alex Rogers, Nekton Science Director, University of Oxford, OCTOPUS Founder



4. GLOBAL PUBLIC ENGAGEMENT & EDUCATION

2018 saw the broadcasting of the critically acclaimed and award winning BBC Blue Planet II Series. Nekton's Science Director, Professor Alex Rogers, and Principal Scientist, Dr Lucy Woodall were involved as key scientific advisors throughout the series.

The focus of Nekton's public engagement activities in 2018 has been the promotion and distribution of content related to the discoveries from the Bermuda / NW Atlantic Mission, announcing the start of the Indian Ocean Mission and developing new technologies and partnership for a major global engagement campaign aligned with the Seychelles Expedition 2019.



Trustees' annual report

For the year ended 31 December 2018

Highlights of Nekton's public engagement activities include:

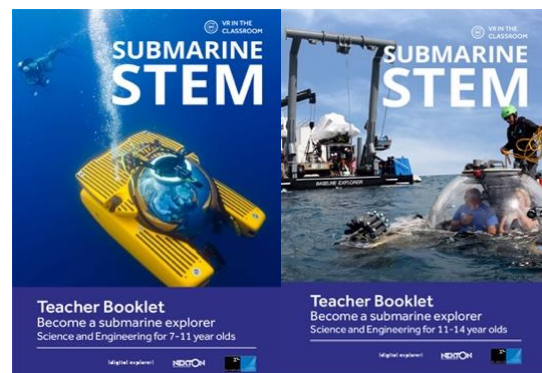
- Nekton Mission: Bermuda: [The Impact](#) (15mins)
- Scientific Results & Rariphotic Zone discovery featured in over 150 articles globally with an audience reach of over 200million (opportunities to see). Features include: [Telegraph](#), [Mail](#) & [Geographical](#).
- On the first anniversary of Sky Ocean Rescue, Sky credited their coverage of Nekton Mission I as the spark for their campaign.
- On the first anniversary of Sky [Ocean Rescue](#), Sky credited their coverage of Nekton Mission I as the spark for their campaign. Sky's [Ocean Rescue](#) continues to provide leadership and coverage of ocean issues, beginning within ocean plastics but now extending into ocean health and the ocean economy.
- Keynotes and participation at major events including Our Ocean, World Ocean Summit, Royal Socieity, Royal Geographical Society, Opening Oceans, Ocean Risk Summit, 115th IMarEST Annual Dinner at Guildhall, IMO Conference of Parties.

*"100 NEW SPECIES
DISCOVERED AS
SCIENTIST FIND NEW
OCEAN ZONE."
Telegraph, May 7th 2018*

Nekton has featured in a number of print and online publications – including [Oceanographic](#), [Nekton Aids Exploring Ocean's Potential](#) – full press coverage highlights can be found on our website: <https://nektonmission.org/about/press>.

Education & Ocean Literacy: [Submarine STEM](#)

Deep-ocean manned submersible expeditions are the perfect vehicles to increase young people's knowledge and interest in the ocean. By taking advantage of new technologies in the field and in the classroom, we give young people direct experience of the process of discovery, and provide an inspirational introduction to scientific learning and to the blue planet itself.



Throughout 2018, Submarine STEM continued to be distributed and utilised globally in partnership with Digital Explorer and AXA-XL (formerly XL Catlin).

New Partnership in kid animations: [The Deep](#)

We joined forces with Technicolor, the world leading LA-based content production studios and producers of The Deep. The Deep is the top-rated animated kids programme on BBC and Netflix globally that follows the adventures of the Nekton Family, a team of underwater explorers. The partnership begins with the promotion of our educational programme and resources.

5. CATALYSING OCEAN POLICY

Nekton presented results from the Mission to Government of Bermuda and the Bermudian public in Bermuda. At the Government's request, Nekton provided recommendations for improved ocean management and conservation. Nekton's mission, publications and policy recommendation were all cited as critical to galvanising government action and commitment to protect 20% of Bermuda's territorial waters and undertake a marine spatial plan to ensure long-term sustainable ocean management.

6. CAPACITY DEVELOPMENT

The focus of activities has been establishing a new capacity development programme in Seychelles as part of the forthcoming Expedition. This has included establishing:

Trustees' annual report

For the year ended 31 December 2018

- A joint SeyCCAT Nekton grant programme for 6 research grants for Seychellois scientists to participate in the Expedition.
- 2 Fellowships for Seychellois scientists at the University of Oxford.
- A student section of IMarEST providing Seychelles students with a new and much-needed opportunity to freely access science papers, currently not available.

7. NEKTON ALLIANCE

Nekton's work in 2018 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 in the Bermuda and NW Atlantic Mission and the start of the Indian Ocean Mission – First Descent.

Founding Partners: AXA-XL, Kensington Tours, Garfield Weston Foundation

Bermuda and NW Atlantic Mission

- **Title Partner:** XL Catlin
- **Founding Partners:** XL Catlin, the Garfield Weston Foundation
- **Regional Partners:** **Canada:** Government Department of Fisheries and Oceans, Bedford Institute of Ocean Sciences. **Bermuda:** Government Department of the Environment & Natural Resources; Bermuda Aquarium, Museum & Zoo; Bermuda Institute of Ocean Sciences (BIOS).
- **Science Partners:** Scientists participating from 9 Universities and institutes including Oxford, Florida, Puerto Rico, Trinity College (Hartford), Stanford and Geological Survey of Ireland.
- **Technology Partners:** Triton Submarines, Teledyne Marine
- **Communications Partners:** Digital Explorer

Indian Ocean Mission 2018-2022

Category	Organization	Function
Mission Partner	Omega	Lead Partner
	Kensington Tours	Lead Partner
Strategic Partners	Teledyne Marine	Official Subsea Technology Partner (in-kind)
	GlobalSubDive	Official Submersible Operations Partner (in-kind)
	Sky Plc	Official Programming Partner (programming)
	Associated Press	Official News Agency Partner (news coverage and distribution)
	Inmarsat	Official Satellite Communications Partner (in-kind)
Collaborating Partners	Oxford University	Nekton Research Group (science team)
	Triton	Submersible Operations and adaptations (in-kind)
	Priavo	Maritime Security, Safety Management, Medic (in-kind)
	Technicolor, AXA-XL, Encounter EDU	Education (in-kind)
	Bibby HydroMap	Subsea Survey Partner (in-kind)
	Great Campaign & UK Government & FCO.	Marketing, Permitting, Policy, Security, Diplomacy
	Sonardyne	Subsea Optical Communications - BlueComm
	EYOS Expeditions	Expedition logistics, Risk analysis
	CEFAS	Multi-net Provision
	LH Cameras	Independent power and record systems for cameras on the subs and ROV.
	UNESCO-IOC	Endorsement of Mission as part of International Indian Ocean Expedition 2

	Institute of Marine Engineering, Science & Technology (IMAREST)	Institutional Partner –strategic partnerships, establishing a new wing in Seychelles
	Helly Hansen	Apparel (in-kind)
	Commonwealth Institute	Ocean policy, governance, science, capacity development, diplomacy
	Garfield Weston Foundation	Octopus (ocean data) & Founding Partner

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.

Financial review

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

In its third year of operation, Nekton secured incoming resources of £2,213k and ended the year with a surplus of £1,687k. Income generated mainly related to grant funding from Omega and Kensington Tours, Mission Partners for the Mission II Indian Ocean: First Descent Seychelles Expedition in March and April 2019, 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 for the year of £526k, £298k was incurred on Nekton's science programme, for analysing samples and specimens and synthesising findings from Mission I. The remaining expenditure related to the development of Mission II (Indian Ocean), communications and educational activities (ocean literacy), fundraising and overall management of the organisation.

Funding is in place to activate and deliver the Seychelles Expedition with field operations in March and April 2019. 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 2018 of £1,995k. £1,789k is restricted and £205k unrestricted. Of the restricted funds £1,397k is restricted to First Descent Seychelles Expedition, £291k is restricted to Octopus, and the remaining £101k restricted funds includes the remaining work on XL Catlin Deep Ocean Survey, Weddell Sea expedition and other innovation projects.

As at 31 December 2018 no specific reserves were designated. Reserves will be gradually established in, as and when new funds are raised and circumstances allow.

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. This process will be maintained and refined for operations in Seychelles in 2019.

We have sufficient funds to complete the delivery of the Seychelles Expedition into 2020. The Innovation projects (Octopus, AI, GOSSIP) are funded by discreet grants for specific durations to achieve specific tasks.

The key current risk for Nekton is securing funding for Expedition 2 and 3 as part of the Indian Ocean Summit. Two Mission Partners have committed to funding through Expedition 2 (2020) and Expedition 3 (2021) but a short-fall still remains. We are managing this funding risk through sustained emphasis and efforts on 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.

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.

Plans for the future

Nekton's Indian Ocean Mission 2018-2022 (First Descent) officially launched on 6 February 2019 with the start of the first field operations during the Seychelles Expedition. The objectives of the Seychelles Expedition are:

- **Pioneering Research:** To contribute to establishing a baseline of marine life and the state of the ocean in Seychelles.
- **Ocean Governance:** To support Seychelles in successful implementation of its Marine Spatial Plan in support of a sustainable Blue Economy.
- **Ocean Literacy:** To inspire and engage Seychelles, Indian Ocean and international audiences with the scientific exploration of Seychelles' unknown deep ocean, and promote Seychelles as a beacon of leadership in ocean management and the blue economy.
- **Capacity Development:** To support the development of the leadership, tools, skills, knowledge and networks within Seychelles to empower long-term sustainable ocean governance.

The summary output from the expedition are projected to be:

ACTIVITY	OUTPUT
Science	Document changes in fauna from surface to 500 m and identify environmental drivers, disseminated by peer-reviewed papers
	Ground truth assumptions made by the spatial planning exercise
	Establish geographic patterns between island groups and determine impacts of human activities on the marine life
Capacity Development	4 X Research Grants to stimulate local deeper water research
	8 X Seychellois scientists participating in the expedition, including a visiting fellowship to Oxford
	5 X Co-authored papers, taxonomic guides and other tools meeting national needs
Ocean Governance	Data-driven designation of new marine protected areas covering 15% of the EEZ in Seychelles by end of 2020
	OCTOPUS Indian Ocean node developed with a relevant case study to support regional and national ocean governance and research
Engagement & Ocean Literacy	750m Global Audience Reach
	15million: social media engagement
	15 Seychelles Ocean Ambassadors trained in outreach and media communication
	75 Seychelles Ocean Literacy Workshops
	50,000 school children engaged directly with the Expedition and new curriculum materials

Seychelles Partners are:

- **Government:** Ministries of 1) Environment, Energy and Climate Change, 2) Education, 3) Blue Economy and 4) Tourism. National Institute for Science, Technology and Innovation (NISTI).
- **NGOs:** University of Seychelles (UniSey), Island Conservation Society (ICS), Seychelles Island Foundation (SIF), Marine Conservation Society Seychelles (MCCS), The Nature Conservancy (TNC), SeyCATT, Nature Seychelles, Seychelles National Parks, Save Our Seas Foundation.
- **Parastatal:** Seychelles Fishing Authority, Seychelles Broadcasting Corporation, Island Development Company.

Innovation projects:

Backed by grants from private philanthropists and the Garfield Weston Foundation, activities across our 3 innovation projects continues:

- Octopus: Publication of 2 key case-studies demonstrating its application
- AI / Weddell Sea: publication of research, development of new tool that uses machine learning systems to accelerate analysis of video data.
- GOSSIP: ongoing promotion and adoption across the marine science and ocean management communities.

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.

Trustees' annual report

For the year ended 31 December 2018

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.

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.

Key management personnel for 2018

Chief Executive:	Oliver Steeds
Science Director:	Professor Alex Rogers
Head of Finance:	Belinda Bramley (to 1 June 2018)
Head of Impact:	Belinda Bramley
Finance and Operations Controller:	Alex Murphy (from 4 June 2018)

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.

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 Digital Explorer to develop, produce and disseminate its Submarine STEM educational programme. Digital Explorer 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. He is not involved in the day-to-day running of the organisation and receives no remuneration from it.

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).

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 2018 was 6 (2017:6). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

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 26 September 2019 and signed on their behalf by

.....
Juliet Burnett
Trustee

Opinion

We have audited the financial statements of Nekton Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated charitable company 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 2018 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 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.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent charitable company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

Independent auditors' report

To the members of

Nekton Foundation

related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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)

30 September 2019

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 2018

	Note	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
Income from:							
Donations and legacies	2	450	–	450	–	5,043	5,043
Charitable activities							
Missions	3	–	1,925,857	1,925,857	151,237	3,000	154,237
Other trading activities	4	286,943	–	286,943	15,000	–	15,000
Investments		–	–	–	–	–	–
Total income		287,393	1,925,857	2,213,250	166,237	8,043	174,280
Expenditure on:							
Raising funds	5	658	–	658	79,589	20,534	100,123
Charitable activities							
Missions	5	192,803	–	192,803	39,168	–	39,168
Science and Research	5	13,355	284,359	297,714	39,189	227,208	266,397
Communication and Education	5	17,317	17,872	35,189	86,804	25,128	111,932
Total expenditure		224,133	302,231	526,364	244,750	272,870	517,620
Net movement in funds		63,260	1,623,626	1,686,886	(78,513)	(264,827)	(343,340)
Reconciliation of funds:							
Total funds brought forward		142,155	165,519	307,674	220,668	430,346	651,014
Total funds carried forward		205,415	1,789,145	1,994,560	142,155	165,519	307,674

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 2018

	Note	The group 2018 £	2017 £	The charity 2018 £	2017 £
Fixed assets:					
Tangible assets	11	71,975	42,711	71,975	42,711
		<u>71,975</u>	<u>42,711</u>	<u>71,975</u>	<u>42,711</u>
Current assets:					
Debtors		77,766	14,680	94,509	3,995.00
Cash at bank and in hand		2,153,979	333,030	1,726,237	302,668
		<u>2,231,745</u>	<u>347,710</u>	<u>1,820,746</u>	<u>306,663</u>
Liabilities:					
Creditors: amounts falling due within one year	14	(309,160)	(82,747)	(93,178)	(144,232)
		<u>(309,160)</u>	<u>(82,747)</u>	<u>(93,178)</u>	<u>(144,232)</u>
Net current assets / (liabilities)		<u>1,922,585</u>	<u>264,963</u>	<u>1,727,568</u>	<u>162,431</u>
Total assets less current liabilities		<u>1,994,560</u>	<u>307,674</u>	<u>1,799,543</u>	<u>205,142</u>
Total net assets / (liabilities)		<u>1,994,560</u>	<u>307,674</u>	<u>1,799,543</u>	<u>205,142</u>
Funds:	18a				
Restricted income funds		1,789,145	165,519	1,789,145	165,519
Unrestricted income funds:					
General funds		205,415	142,155	10,398	39,623
		<u>205,415</u>	<u>142,155</u>	<u>10,398</u>	<u>39,623</u>
Total unrestricted funds		<u>205,415</u>	<u>142,155</u>	<u>10,398</u>	<u>39,623</u>
Total funds		<u>1,994,560</u>	<u>307,674</u>	<u>1,799,543</u>	<u>205,142</u>

Approved by the trustees on 26 September 2019 and signed on their behalf by

Juliet Burnett
Trustee

Nekton Foundation

Consolidated statement of cash flows

For the year ended 31 December 2018

	Note	2018		2017	
		£	£	£	£
Cash flows from operating activities	19				
Net cash provided by / (used in) operating activities		1,861,251		(375,931)	
Cash flows from investing activities:					
Purchase of fixed assets		(40,302)		(2,002)	
Net cash provided by / (used in) investing activities		(40,302)		(2,002)	
Change in cash and cash equivalents in the year		1,820,949		(377,933)	
Cash and cash equivalents at the beginning of the year		333,030		710,963	
Cash and cash equivalents at the end of the year	20	2,153,979		333,030	

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.

A separate statement of financial activities is not prepared by the charity itself following the exemption afforded by section 408 of the Companies Act 2006. In the year under review the parent charity made a surplus of £1,594,401 (2017: deficit £412,541).

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.

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.

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

1 Accounting policies (continued)

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 donations and legacies

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Donations	450	–	450	–
Gifts	–	–	–	5,043
	<u>450</u>	<u>–</u>	<u>450</u>	<u>5,043</u>

Prior Year

	Unrestricted £	Restricted £	2017 Total £
Gifts	–	5,043	5,043
	<u>–</u>	<u>5,043</u>	<u>5,043</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
XL Foundation	–	16,970	16,970	3,000
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	–
Kensington Tours	–	–	–	151,237
	<u>–</u>	<u>1,925,857</u>	<u>1,925,857</u>	<u>154,237</u>

Prior Year

	Unrestricted £	Restricted £	2017 Total £
XL Catlin	–	3,000	3,000
Kensington Tours	151,237	–	151,237
	<u>151,237</u>	<u>3,000</u>	<u>154,237</u>

4 Income from other trading activities

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Kensington Tours	264,715	–	264,715	–
XL America Inc	–	–	–	15,000
Other	22,228	–	22,228	–
	<u>286,943</u>	<u>–</u>	<u>286,943</u>	<u>15,000</u>

Prior Year

	Unrestricted £	Restricted £	2017 Total £
XL America Inc	15,000	–	15,000
	<u>15,000</u>	<u>–</u>	<u>15,000</u>

5 Analysis of expenditure

	Charitable activities							
	Raising funds	Missions	Science and Research	Communications and Education	Governance costs	Support costs	2018 Total	2017 Total
	£	£	£	£	£	£	£	£
Staff costs (Note 7)	–	70,530	137,621	6,764	–	53,871	268,786	282,193
Consultant & Staff Related Costs	–	26,000	972	12,580	225	9,078	48,855	53,750
Mission control / operations	–	14,022	25,340	2,308	–	13,632	55,302	54,018
Equipment and Consumables	–	9,933	20,705	–	–	–	30,638	2,078
Science Grants	–	–	3,000	–	–	–	3,000	29,729
Fundraising	–	2,808	2,477	2,385	–	–	7,670	7,625
Science costs	–	–	3,576	–	–	–	3,576	866
Travel and subsistence	620	20,408	4,153	46	163	3,496	28,886	14,567
Professional Services	38	–	6,656	–	7,357	35,439	49,490	38,412
Insurance	–	295	–	–	–	5,527	5,822	2,584
Telephone, IT and Office Costs	–	1,122	168	6,534	–	4,825	12,649	11,191
Membership and subscriptions	–	–	–	–	13	13	26	26
Bank charges	–	–	–	–	–	715	715	538
Foreign exchange (gain)/ loss	–	–	–	–	–	(90)	(90)	9,397
Depreciation	–	–	–	–	–	11,039	11,039	10,646
	658	145,118	204,668	30,617	7,758	137,545	526,364	517,620
Support costs	–	45,139	88,078	4,328	–	(137,545)	–	–
Governance costs	–	2,546	4,968	244	(7,758)	–	–	–
Total expenditure 2018	658	192,803	297,714	35,189	–	–	526,364	517,620
Total expenditure 2017	100,123	39,168	266,397	111,932	–	–	517,620	

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

Nekton Foundation

Notes to the financial statements

For the year ended 31 December 2017

5 Analysis of expenditure (Prior Year)

	Charitable activities						
	Raising funds	Missions	Science and Research	Communications and Education	Governance costs	Support costs	2017 Total
	£	£	£	£	£	£	£
Staff costs (Note 7)	44,482	–	116,008	52,624	10,868	58,211	282,193
Consultant & Staff Related Costs	14,905	20,650	5,592	5,077	3,924	3,602	53,750
Mission control / operations	–	4,108	28,205	4,393	–	17,312	54,018
Equipment and Consumables	–	21	2,012	–	–	45	2,078
Science Grants	–	–	29,729	–	–	–	29,729
Fundraising	1,531	4,313	–	–	–	1,781	7,625
Science costs	–	–	866	–	–	–	866
Travel and subsistence	817	6,302	913	–	434	6,101	14,567
Entertainment	–	–	–	–	–	–	–
Professional Services	–	3,580	–	–	9,731	25,101	38,412
Insurance	–	–	–	–	–	2,584	2,584
Telephone, IT and Office Costs	–	194	188	4,423	131	6,255	11,191
Membership and subscriptions	–	–	–	–	26	–	26
Bank charges	–	–	–	–	30	508	538
Foreign exchange (gain)/ loss	–	–	–	–	–	9,397	9,397
Depreciation	–	–	–	–	–	10,646	10,646
	61,735	39,168	183,513	66,517	25,144	141,543	517,620
Support costs	32,598	–	70,381	38,564		(141,543)	
Governance costs	5,790	–	12,503	6,851	(25,144)		–
Total expenditure 2017	100,123	39,168	266,397	111,932	–	–	517,620

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2018 £	2017 £
Depreciation	11,039	10,648
Operating lease rentals:		
Property	13,838	13,838
Auditors' remuneration (excluding VAT):		
Audit	7,440	5,359
Other services	–	700
Foreign exchange gains or losses	(90)	9,397
	<u> </u>	<u> </u>

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

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	244,252	262,003
Social security costs	19,223	19,610
Pension Costs	5,312	580
	<u> </u>	<u> </u>
	<u>268,786</u>	<u>282,193</u>

1 employee earned more than £60,000 during the year (2017: 1).

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

	2018 No.	2017 No.
£70,000 – £79,999	–	1
£80,000 – £89,999	1	–
	<u> </u>	<u> </u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £166,160 (2017: £108,686).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,032 (2017: £711) incurred by 3 (2017: 2) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 6 (2017: 6).

9 Related party transactions

Nekton Foundation owed £nil (2017: £76,016) to its wholly owned subsidiary Nekton Enterprises Limited. Nekton Enterprises Limited owed £89,786 (2017: £nil) to Nekton Foundation at the year end.

Oliver Steeds is co-founder of Digital Explorer to which Nekton Enterprises paid £nil (2017:£4,560). There are amounts outstanding of £nil (2017: £nil)

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

10 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.

11 Tangible fixed assets

Group & Charity

	Scientific equipment £	Filming & Communica- tions equipment £	Computer equipment £	Office and lab furniture £	Total £
Cost					
At the start of the year	32,102	19,665	1,566	4,860	58,193
Additions in year	40,302	-	-	-	40,302
At the end of the year	72,404	19,665	1,566	4,860	98,495
Depreciation					
At the start of the year	4,540	9,639	775	527	15,481
Charge for the year	3,546	6,490	517	486	11,039
At the end of the year	8,086	16,129	1,292	1,013	26,520
Net book value					
At the end of the year	64,318	3,536	274	3,847	71,975
At the start of the year	27,562	10,026	791	4,333	42,712

All of the above assets are used for charitable purposes.

12 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:

	2018 £	2017 £
Turnover	286,943	166,237
Cost of sales	(29,017)	(46,121)
Gross profit	257,926	120,116
Management charge payable to parent undertaking	(62,909)	(17,582)
Operating profit / (loss)	195,017	102,533
Interest payable	–	–
Interest payable to parent undertaking	–	–
Profit on ordinary activities before taxation	195,017	102,533
Taxation	–	–
Profit for the financial year	195,017	102,533
Retained earnings		
Retained earnings brought forward	–	–
Profit for the financial year	195,017	102,533
Profit distributed to parent under gift aid	(187,537)	(102,533)
Retained earnings carried forward	7,480	–
The aggregate of the assets, liabilities and funds was:		
Assets	411,003	117,069
Liabilities	(403,522)	(117,068)
Net Assets	7,481	1
Share Capital	1	1
Profit & Loss Account	7,480	–
Total Shareholders Funds	7,481	1

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

13 Debtors

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Other debtors	73,043	5,382	–	–
Prepayments	4,723	3,995	4,723	3,995
Due from Subsidiary	–	–	89,786	–
Taxation and social security	–	5,303	–	–
	77,766	14,680	94,509	3,995

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.

14 Creditors: amounts falling due within one year

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	115,672	8,881	52,763	3,499
Taxation and social security	7,470	4,677	7,194	4,677
Other creditors	154,584	1,292	4,587	1,184
Accruals	15,934	53,021	13,134	45,646
Due to Subsidiary	–	–	–	76,016
Deferred Income	–	1,666	–	–
Grant Creditors	15,500	13,210	15,500	13,210
	309,160	82,747	93,178	144,232

15 Deferred income

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Balance at the beginning of the year	1,666	16,666	–	–
Amount released to income in the year	(1,666)	(15,000)	–	–
Amount deferred in the year	–	–	–	–
Balance at the end of the year	–	1,666	–	–

Deferred income relates to the XL Cailin project which was carried over from 2016 into 2017 for work carried out in the year.

16 Pension scheme

Nekton Foundation operates a defined contribution pension scheme to which fixed contributions are made. The amount paid in the year was £ 5,312 (2017: £580).

17a Analysis of group net assets between funds (current 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 2018	10,398	1,789,145	1,799,543
	General unrestricted £	Restricted funds £	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 2018	205,415	1,789,145	1,994,560

17b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
The Charity			
Tangible fixed assets	–	42,711	42,711
Net current assets	39,623	122,808	162,431
Net assets at 31 December 2017	39,623	165,519	205,142
	General unrestricted £	Restricted funds £	Total funds £
The Group			
Tangible fixed assets	–	42,711	42,711
Net current assets	142,155	122,808	264,963
Net assets at 31 December 2017	142,155	165,519	307,674

18a Movements in funds (current 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 narrative to explain the purpose of each fund is given at the foot of the note below.

The Group	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	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

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

Nekton Foundation

Notes to the financial statements

For the year ended 31 December 2018

18b Movements in funds (prior year)

The Charity	At 31 December 2016 £	Income & Gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
Restricted funds:					
XL Foundation	430,346	–	(264,827)	–	165,519
Other Donations and Gifts in Kind	–	8,043	(8,043)	–	–
Total restricted funds	430,346	8,043	(272,870)	–	165,519
Unrestricted funds:					
General funds	187,335	35,995	(183,707)	–	39,623
Total unrestricted funds	187,335	35,995	(183,707)	–	39,623
Total funds	617,681	44,038	(456,577)	–	205,142
The Group	December 2016 £	Income & Gains £	Expenditure & losses £	Transfers £	December 2017 £
Restricted funds:					
XL Foundation	–	–	(264,827)	–	165,519
Other Donations and Gifts in Kind	–	8,043	(8,043)	–	–
Total restricted funds	–	8,043	(272,870)	–	165,519
Unrestricted funds:					
General funds	78,633	166,237	(244,750)	–	142,155
Total unrestricted funds	78,633	166,237	(244,750)	–	142,155
Total funds	78,633	174,280	(517,620)	–	307,674

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 are for activities including the publication of two key case-studies demonstrating its application

Weddell Sea

Weddell Sea the Flotilla Foundation are for Nekton's costs to take part in the expedition to the Weddell Sea off Antarctica to investigate the impact of climate change on the biology of the region, and the Garfield Weston Foundation for the publication of research from the expedition and development of a new tool that uses machine learning systems to accelerate analysis of video data

Gossip

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

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

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

	2018 £	2017 £
Net income for the reporting period (as per the statement of financial activities)	1,686,886	(343,340)
Depreciation charges	11,039	10,648
Increase in debtors	(63,087)	(14,680)
Decrease in creditors	226,413	(28,559)
Net cash provided by / (used in) operating activities	1,861,251	(375,931)

20 Analysis of cash and cash equivalents	At 1 January 2018 £	Cash flows £	At 31 December 2018 £
Cash at bank and in hand	333,030	1,820,949	2,153,979
Total cash and cash equivalents	333,030	1,820,949	2,153,979

21 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.

22 Operating lease commitments

	Property		Equipment	
	2018 £	2017 £	2018 £	2017 £
Less than one year	15,910	–	–	–
One to five years	107,100	–	–	–
Over five years	–	–	–	–
	123,010	–	–	–