

**BLUE MARINE FOUNDATION**  
**(a Company Limited by Guarantee)**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2018**

**Company number: 07176743**

# BLUE MARINE FOUNDATION

## C O N T E N T S

Year ended 31 March 2018

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**BLUE MARINE FOUNDATION****CHARITY REFERENCE AND ADMINISTRATIVE DETAILS****Year ended 31 March 2018**

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<b>Charity registration number</b>	1137209
<b>Company registration number</b>	07176743
<b>Directors and Trustees</b>	G L Duffield C M J Gorell Barnes T P S Appleby A K O Brady Lord J S Deben Prof C M Roberts M R Rose D C Davies A S Blount (appointed 20 June 2017)
<b>Executive Director</b>	C R H Clover
<b>Chief Executive Officer</b>	C Brook
<b>Registered office</b>	Third Floor South Building Somerset House Strand London WC2R 1LA
<b>Auditor</b>	Dixon Wilson 22 Chancery Lane London WC2A 1LS
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Solicitors</b>	Latham & Watkins LLP 99 Bishopsgate London EC2M 3XF

## **BLUE MARINE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

**Year ended 31 March 2018**

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The Trustees present their report and the audited Consolidated Financial Statements of Blue Marine Foundation ("BLUE" "the charitable company") for the year ended 31 March 2018. The consolidated Financial Statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 and with the provisions of the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities (FRS 102).

Blue Marine Foundation is a charitable company limited by guarantee and became a registered charity on 30 July 2010.

#### **Structure, governance and management**

The names of the directors who served throughout the year, unless otherwise stated, are noted on page 2. The directors of the charitable company are also charity trustees for the purposes of charity law.

The liability of each guarantor in the event of a winding up is limited to £1. At 31 March 2018 there were three guarantors: C R H Clover, G L Duffield and C M J Gorell Barnes.

New Trustees are nominated by simple majority of votes at any meeting of the Trustees. New Trustees are provided with guidance as to their responsibilities from existing Trustees, from the Senior Executives and from BLUE's Terms of Reference. The duration of a Trustee's term will be three years, with annual reviews by both parties. Any Trustees approaching the end of their three year term may stand for re-appointment for a further three year term.

The charitable company is governed by Memorandum and Articles of Association dated 12 February 2010. Application of income of the charitable company is limited to the promotion of its objects. Decisions are made by simple majority of votes cast at a meeting of the Trustees.

The Trustees continually assess the risks to which the charitable company might be exposed and adjust the charitable company's strategies and implementation of objects accordingly.

#### **BLUE's mission and objectives:**

The objects of the charitable company under the terms of the Memorandum of Association for this period and the future are:

- To promote for the benefit of the public the conservation, protection and improvement of the physical and natural environment by promoting marine preservation and the prevention of marine biodiversity decline.
- To advance the education of the public in conservation protection and the improvement of the marine environment.

BLUE is working to solve the crisis in the oceans through providing solutions to overfishing by enabling the creation of marine reserves, delivering practical examples of sustainable fishing and restoring ocean habitats. BLUE's aim is to see effective protection of at least ten per cent of the world's oceans by 2020 and the protection of a third of oceans by 2030.

#### **Public benefit**

The Trustees, having regard to the Public Benefit Guidance published by the Charity Commission in accordance with section 17 of The Charities Act 2011, consider that the purpose and activities of Blue Marine Foundation satisfy the requirements of the public benefit test set out in Section 4 of the same Act.

Oceans cover 71% of the earth's surface, absorb around half the earth's carbon dioxide and produce more than half our oxygen. They are vital for the survival of human life on this planet. And yet human beings are destroying the oceans at an alarming rate, filling them with pollution and extracting marine life without which the ocean's ecosystem cannot function. The primary purpose of BLUE is to address overfishing – arguably the greatest threat to the oceans – in the most effective way possible.

## BLUE MARINE FOUNDATION

### TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

Year ended 31 March 2018

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#### Strategic Report

BLUE is tackling the crisis of overfishing in the following ways:

- Promoting the creation of large-scale marine protected areas;
- Delivering new models of sustainable fishing;
- Protecting biodiversity and endangered species;
- Raising awareness of overfishing and its potential solutions.

BLUE is strategically opportunistic, working in any area of the world where it is needed to resolve a crisis of overfishing and where its intervention can deliver tangible and rapid results.

#### Summary of project achievements in the year ended 31 March 2018:

##### *Pressing for the creation of large-scale marine protected areas in UK Overseas Territories:*

With the fifth largest marine estate in the world, the UK can play a leading role in protecting the oceans. Its overseas territories are spread across the world's oceans and contain 94% of Britain's biodiversity. A key focus for BLUE is working with the UK government to fulfil its manifesto commitment to create a 'Blue Belt' around the 14 UK Overseas Territories (UKOTs) and to bring to fruition what has been described as 'the greatest conservation commitment by any government ever'. BLUE works both individually and as part of the Great British Oceans coalition, a group of six NGOs dedicated to the creation of globally significant marine reserves in British waters.

Given how important it is that these policy commitments are backed by funding commitments, in July 2017 BLUE secured a written pledge from the Minister of State for the Overseas Territories that £19.3m will be deployed by the government on protecting the Blue Belt over the next five years. BLUE is now working to ensure that this funding benefits the Overseas Territories themselves.

To ensure a much broader, cross-party support for the Blue Belt, BLUE conceived the #BackTheBlueBelt campaign. This was designed to harness concern for the oceans stirred up by the BBC's extraordinarily popular Blue Planet II series and encourage viewers to contact their MP, urging them to sign up to a Blue Belt Charter. The result was that by 31 March 2018, 283 MPs from eight political parties had signed up to the Blue Belt charter.

With the backing of these 283 MPs, BLUE and the GB Oceans coalition will ensure that the UK continues to demonstrate global leadership in ocean conservation by delivering on its promises for Ascension, Bermuda, St Helena, the South Georgia and South Sandwich Islands and Tristan da Cunha. BLUE's particular areas of focus have been Ascension, Bermuda and St Helena.

#### *Ascension*

BLUE's vision is for Ascension to be a centre of conservation excellence in the Atlantic with the islanders benefitting from being custodians of 440,000 square kilometres of unusually productive ocean. Unfortunately, suspension of the twice-weekly RAF flight to Ascension in April 2017 to at least 2020 is severely affecting life on the island. BLUE has continued to press for the declaration of a 100% marine protected area (MPA) which could potentially unlock funding opportunities and bring improved profile and prosperity to the island. Meanwhile, BLUE continues to direct funding to the Ascension Island Conservation team to promote conservation and education on the island.



## BLUE MARINE FOUNDATION

### TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

Year ended 31 March 2018

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#### *Bermuda*

BLUE's aim is to work with Bermuda to build an internationally-recognised conserved marine area network. At BLUE's suggestion, the Marine Resources Board conducted long-overdue fish stock assessments and analysed the extent of illegal fishing in Bermuda's waters. BLUE has identified a coalition of major funders on the island who would potentially support a consensus-based marine conservation programme.

#### *St Helena*

This remote South Atlantic island is home to a third of all the endemic species in British territories and is one of the few places in the world where whale sharks congregate. Announced by the government in September 2016 as an 'IUCN Category VI' protected area, BLUE is keen that correct IUCN standards are upheld and to resist pressures to introduce external long-line tuna fishing.

In early 2018, BLUE recruited two project officers who are now based on St Helena to ensure that marine conservation is carried out to the highest standards and that the Saints are rewarded for being custodians of such crucial biodiversity. The team has made rapid progress, securing funding to tag whale sharks, establishing a marine litter monitoring programme and engaging local fishermen, all of whom are fully behind a one-by-one fishery.

#### ***Delivering new models of sustainable fishing in the UK: Lyme Bay and roll out of the model***

BLUE's Lyme Bay project, established in 2012, has successfully delivered a template for responsible fishing in the UK. This model proves that it is possible to benefit both the marine environment and local fishermen who are seeing the benefits of practising low-impact, sustainable fishing. The Lyme Bay marine environment is recovering impressively; a BLUE-backed Plymouth University study has shown a four-fold increase in flora and fauna reef species, a doubling of scallop landings, a quadrupling of juvenile lobsters and a quadrupling of flatfish catches since the reserve was closed. The fishermen are benefitting in a variety of ways: plentiful and sustainable fish stocks mean a more secure future for their livelihoods and higher prices for their sustainably caught fish. They are also reporting an improved catch per unit of effort, with one scallop diver saying, 'I could have lived down there and not caught anything like I'm catching now in one dive'. Ice machines and chiller units provided by BLUE improve quality, reduce waste and thus improve overall income for the fishermen.

The Lyme Bay education programme is spreading the word about responsible fishing and conservation in the region including increasing numbers of fisher-ambassadors who go into schools to talk to children. To date over 50 schools and 3,500 students have been engaged as well as undergraduates from Plymouth University.

BLUE is now adapting and replicating this successful model in other areas around the UK coast. We aim to transform the future of UK inshore fishing by demonstrating in multiple locations that responsible, low-impact fishing benefits both the marine environment and fishing communities. BLUE secured a significant funding pledge from an individual to support delivery of the plan and by March 2018 had scoped the first four roll-out sites in West Scotland, Berwickshire, Jersey and North Devon.

## **BLUE MARINE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

**Year ended 31 March 2018**

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#### ***Restoring the native oyster to the Solent***

The native oyster, once plentiful in our waters, is now severely depleted due to overfishing. Oyster beds are one of the world's most imperilled marine habitats - over 85% have been lost globally.

BLUE aims to introduce one million oysters into the Solent in early 2019 and a further million oysters a year over the coming five years so that we can achieve our ambition of restoring a thriving oyster population in the Solent. The restoration of oyster habitats will increase natural water filtration, provide habitat for other species and increase biodiversity.

So far 21,000 brood oysters have been restored to the Solent in marina pontoon cages. These have resulted in successful spawning events releasing millions of larvae. Excitingly, 95 marine species have been found living among the oysters in the cages, including seahorses and critically endangered eels. Dr Joanne Preston from the University of Portsmouth's Institute of Marine Sciences said, "These findings are quite spectacular, indicating the oyster cages are functioning like artificial reefs, increasing fish abundance and species diversity."

The oyster project is proving popular with volunteers, young and old. Classes of children who visit our site start the day thinking that Spongebob Squarepants lives under the sea and end it by being able to identify and name (in Latin) as many as 25 species who make their homes among the oysters. Over 130 adult volunteers have engaged with the project and BLUE aims to develop a schools' outreach programme in the coming year.

#### ***Pressing for marine protection and developing models of sustainable fishing in the Mediterranean***

BLUE and local partner the Aeolian Islands Preservation Fund are making good progress in establishing what we hope will be Italy's largest marine protected area (MPA). BLUE believes that the best way of ensuring that the MPA is upheld is through the support of local fishermen. To this end, BLUE has successfully applied the Lyme Bay Model on two islands involving 35 fishermen. Fishers on Stromboli and Salina have already signed responsible fishing 'codes of conduct', reducing gear, increasing mesh size and reducing fishing seasons. In return, insulated fish boxes have been delivered to participating fishers and communal ice-machines will give local fishers access to ice for the first time on the islands, improving the quality and value of their catch.

BLUE is scoping other sites in the Mediterranean that could potentially benefit from the Lyme Bay model. One such site is Menorca where BLUE is working with local partners to support existing MPAs, reduce plastic and install eco-moorings to eliminate anchoring damage to seagrass and regulate recreational fishing.

#### ***Protecting endangered species and securing marine protected areas in the Caspian Sea***

BLUE is working to prevent the extinction in the wild of Caspian sturgeon and salmon and to tackle chronic overfishing and habitat destruction throughout the Caspian Sea. BLUE has successfully secured a government ban on all synthetic fishing nets, including gillnets and has persuaded the government to designate the first ever marine protected area in the Caspian Sea.

Please note that all funds secured are directed to local partners and not accepted by BLUE. BLUE invests its own funds for staff time spent on this initiative.

## **BLUE MARINE FOUNDATION**

### **TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)**

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#### ***Creating resilient coral reefs in the Maldives***

BLUE's grouper fishery management report submitted to the Ministry of Fisheries and Agriculture contained the following key recommendations: protected grouper spawning grounds in each Atoll, the revision of minimum landing size limits and mandatory catch reporting as a licence condition. Having gathered and delivered data on the need for better management of the grouper fishery to the Maldivian government, BLUE is working to enhance reef resilience and productivity in the Maldives by expanding marine reserve coverage, improving fisheries management and building local support and capacity for conservation.

The 'Ask a Fisherman' film has given us a sense of ground level concern over lack of marine management in the Maldives and the ambition to use film and social media to effect change. Building on our strong stakeholder support in Laamu Atoll, we aim to expand our scope beyond protecting grouper to other key reef fisheries and other regions of the Maldives.

#### ***Building the case for marine protection in Patagonia***

BLUE aims to use data gathered by research vessel, Saoirse (and scientific partners) to build an argument for protection of the Gulf of Peñas and the northern Patagonian fjords, pristine areas that are now under great pressure from intensive salmon farming.

#### ***BLUE's development eight years into its existence***

BLUE has emerged from a small fledgling charity into a highly respected marine organisation delivering real impact and leading the way in its field. We now operate with 14 staff out of our Somerset House office with further project teams and associates in the field. These are exciting times for BLUE and for ocean protection and we would like to thank our staff and many supporters for being part of that success.



**BLUE MARINE FOUNDATION**  
**TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS'**  
**REPORT AND STRATEGIC REPORT)**

**Year ended 31 March 2018**

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***Financial review***

The accounts are set out on pages 15 to 32.

Donations amounting to £2,074,011 (gross) (2017 - £1,974,795 (gross)) were received during the year, and £2,048,140 (2017 - £1,618,613) was distributed during the year. The subsidiary company, BMF Trading Ltd, provided marketing and branding services in order to generate funds for Blue Marine Foundation. Total funds held at 31 March 2018 amounted to £1,159,370 (2017 - £1,122,895) and include BMF Trading Limited accumulated losses of £48,269 (2017 – accumulated losses of £47,706) and fixed assets of £15,042 (2017 - £10,945). The Trustees are confident that reserves will not prove to be excessive when future activities, currently under review, are initiated.

***Reserves policy***

Any funds generated during a financial period which are not needed to meet day to day unrestricted expenditure requirements are placed in a savings account until required.

The Trustees have agreed a policy in respect of reserves that address the following financial objectives:

- After taking account of any unrestricted funds designated to potential projects, at least six months operating and governance costs should be available within unrestricted funds (held in instant access deposit accounts) to enable the charity to sustain its operations and cover any short-term funding requirements should any unforeseen circumstances arise.
- To ensure the continued success of the charitable company (and to enable it to have continuing support for the visionary thinking it has so far demonstrated) where funders are sought for specific (restricted fund) projects, they will also be requested to contribute/ donate a proportion of their overall giving to help cover ongoing unrestricted expenditure.

On a regular basis, and on the provision of considered proposals (reviewed against BLUE's proposed project criteria) by the executive team, specific consideration will be given by the Trustees as to whether any unrestricted funds should be set aside and designated for use to explore potential project opportunities. Such designations of unrestricted funds will ordinarily only be considered if, in the opinion of the Trustees, the first objective above is met though this is subject to Trustees' discretion.

"Free reserves" held at 31 March 2018 (consisting of amounts which could be spent without disposing of fixed assets or investments and excluding restricted funds), amounted to £575,970 (2017 - £594,681).

These reserves fall within BLUE's Reserves Policy of between six and eighteen months' expenditure, and also provide financial stability which is vital given the uncertain nature of future income streams. The Trustees are confident that reserves will not prove to be excessive in light of the level of future activity anticipated and the growing number of BLUE's projects.

***Risk management***

The Trustees have identified the major risks to which the charitable company is exposed and have established systems and procedures to mitigate those risks. The Trustees review all financial, operational and reputational risks at each Board meeting and take any necessary steps to reduce/remove them. Risk and risk management is periodically reviewed to ensure that procedures meet the needs of the charitable company and comply with best practice. The trustees consider the following to be the key risks facing the organisation.

## BLUE MARINE FOUNDATION

### TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

Year ended 31 March 2018

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#### *Governance risks:*

- *Trustee body lacks relevant skills or commitment*
- *Potential conflicts of interest*

The board has a broad range of expertise and experience and enough members to mitigate both these factors. The Governance Committee meets on a six monthly basis to consider developments. The requirement for specific training or additional members is reviewed at least annually.

#### *Operational risks:*

- *Inappropriate organisational structure/ capacity to deliver our ambitious projects*

During the year we scoped, developed and implemented many new projects, although we ensure that we only take on projects where BLUE's intervention is both impactful and necessary. In order to ensure we have sufficient staff to carry out our increased project workload, we have recruited adequate numbers of staff to provide support to the existing projects' team. The requirement for additional staff is reviewed frequently with any significant hires being proposed by the executive team to the Board of Trustees for approval.

- *Loss of key personnel*

BLUE has a small, very dedicated staff who are passionate about our mission and are wonderful ambassadors. It is not possible to fully mitigate key personnel risks, but through a process of formal and informal appraisals the aim is to ensure that potential problems can be aired and resolved. At Trustee Board level, the Board reviews and considers risks associated with key personnel at regular intervals and such matters are also considered during Remuneration Committee discussions which take place on a six monthly basis.

#### *Financial risks:*

- *Inaccurate and/or insufficient financial information*

We outsource our financial support (on a pro-bono basis) to a highly reputable firm of chartered accountants to ensure our controls are transparent and to ensure that we have robust systems and processes in place which match our ambitions rather than our present scale. Subsequent to the year end, we have begun bringing financial processes in house in readiness for the forecast increase in project activity which need active financial monitoring within the business.

- *Inadequate reserves and cash flow*

Please see our separate Reserves Policy.

- *Dependency on limited income sources, failure to attract funding, loss of income*

We handle this on an ongoing basis by not committing to spending beyond funds received, by keeping our reserves policy up to date and by constantly looking for fundraising opportunities. Our income from voluntary sources includes corporates, trusts and other individual contributions. We also review funding sources in the round to ensure that we have a wide range of different income streams and are not overly reliant on any one source.

- *Exposure to currency fluctuations*

Given BLUE's international profile, the costs and income streams for a number of our projects are denominated in foreign currencies. Where possible, we attempt to naturally hedge these exposures by maintaining foreign currency current and deposit accounts. Where, after taking into account upcoming commitments, the executive team considers that excess foreign currency is held, those amounts are converted to Pounds Sterling at the earliest opportunity. We do not enter into any formal currency hedging arrangements.

- *Insufficient insurance cover*

Insurance is reviewed annually and extra cover is arranged when necessary on an ad hoc basis.



## BLUE MARINE FOUNDATION

### TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

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#### *External risks:*

##### *- Poor public perception and reputation*

As a charity that benefits from wide support, press and public attention, BLUE's reputation is key to our success and, ultimately, our delivery of the mission. We monitor any incidents which might damage our reputation and also assess potential harm to our reputation in all work that we carry out and activity we engage in.

##### *- Turbulent economic or political environment*

Due to the nature of BLUE's aims, this will always be a risk factor. Each project is entered into on its own merit and with the potential economic or political risks considered at the outset (and, if necessary, during the course of the delivery of the project). However, as a *non-governmental* organisation, BLUE remains, as far as possible, apolitical and not affiliated to any political party.

#### *Compliance with laws and regulations:*

##### *- Acting in breach of trust*

##### *- Poor knowledge of the legal responsibilities of an employer*

##### *- Poor knowledge of regulatory requirements of particular activities (e.g. fund-raising, charities commission compliance)*

By engaging with our lawyers and accountants, we aim to mitigate these risks and be aware of, and prepare for, any changes to legislation in advance. We undertake adhoc training for staff involved in fund raising to ensure that latest regulatory changes as far as data protection and fund raising from individuals are understood and that BLUE is fully compliant with Charities Commission guidance.

#### **Future developments**

BLUE aims to achieve impactful ocean conservation that benefits both communities and the marine environment. We are looking not just to find sticking plaster solutions to the oceans crisis, but to deliver systemic and lasting change through the creation of marine reserves and the establishment of sustainable fishing practices. BLUE will continue to focus on delivering practical solutions to the challenges of overfishing. BLUE will identify sweet spots where it can exercise particular leverage in order to deliver tangible results. It intends to make the most of its strong connections with government, business and other NGOs to achieve measurable success.

#### ***BLUE's strategy for the coming year***

BLUE will continue with its combined strategy of pressing for the creation of marine protected areas and developing new models of sustainable fishing. We will continue to work in locations around the world to protect marine resources and habitats.

In the UK, the upheaval of 'Brexit' provides an opportunity to reshape the future of UK fisheries to the benefit of marine life and the majority of fishermen. BLUE believes that there is an urgent need to convene key stakeholders among fishermen, NGOs and legislators, to establish common ground and present a united and compelling case to the government.

A key focus for BLUE remains the creation of large-scale marine reserves around the UK Overseas Territories. BLUE will continue to work with the UK government and the Great British Ocean coalition to secure more territories under protection and to ensure that marine protection brings benefits to local island communities. Particular areas of focus will include securing further protection around Ascension and building conservation capacity in St Helena.

BLUE will continue to focus on the preservation of biodiversity and the protection of endangered species through its projects in the Maldives to protect grouper populations, in the Caspian to restore sturgeon and in the UK to restore the native British oyster.

## BLUE MARINE FOUNDATION

### TRUSTEES' ANNUAL REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

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BLUE will adapt its Lyme Bay model to sites around the UK coast, the Aeolian Islands north of Sicily and will seek to identify further suitable sites in the Mediterranean.

#### Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Blue Marine Foundation ("the charitable company") 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 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 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditors

So far as each Trustee is aware, there is no relevant audit information of which the company's auditors are unaware.

Each Trustee has taken all reasonable steps that he/she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



D C Davies

21 December 2018



## **BLUE MARINE FOUNDATION**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BLUE MARINE FOUNDATION Year ended 31 March 2018**

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#### **Opinion**

We have audited the financial statements of Blue Marine Foundation (the 'charitable company') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, consolidated balance sheet, consolidated and company statements of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 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 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **BLUE MARINE FOUNDATION**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BLUE MARINE FOUNDATION Year ended 31 March 2018**

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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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

## BLUE MARINE FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BLUE MARINE FOUNDATION Year ended 31 March 2018

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#### 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Steven Wakefield (Senior Statutory Auditor)  
For and on behalf of Dixon Wilson, Statutory Auditor  
22 Chancery Lane  
London  
WC2A 1LS

Date: 21/12/18



**BLUE MARINE FOUNDATION**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**Year ended 31 March 2018**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Unrestricted Funds £	Restricted Funds £	Total 2017 £
<b>Income and endowments from</b>							
Donations and legacies		883,573	1,190,438	2,074,011	1,040,539	934,256	1,974,795
Other trading income		10,218	-	10,218	49,045	-	49,045
Investments		386	-	386	318	-	318
<b>Total incoming resources</b>	2	<b>894,177</b>	<b>1,190,438</b>	<b>2,084,615</b>	<b>1,089,902</b>	<b>934,256</b>	<b>2,024,158</b>
<b>Expenditure on</b>							
Raising funds	7	(81,172)	-	(81,172)	(81,780)	-	(81,780)
Charitable activities	8	(680,683)	(1,286,285)	(1,966,968)	(945,636)	(591,197)	(1,536,833)
<b>Total resources expended</b>		<b>(761,855)</b>	<b>(1,286,285)</b>	<b>(2,048,140)</b>	<b>(1,027,416)</b>	<b>(591,197)</b>	<b>(1,618,613)</b>
<b>Net incoming/(outgoing) resources</b>		<b>132,322</b>	<b>(95,847)</b>	<b>36,475</b>	<b>62,486</b>	<b>343,059</b>	<b>405,545</b>
Funds brought forward		605,626	517,269	1,122,895	543,140	174,210	717,350
Transfers between reserves		(151,019)	151,019	-	-	-	-
<b>Funds carried forward</b>		<b>586,929</b>	<b>572,441</b>	<b>1,159,370</b>	<b>605,626</b>	<b>517,269</b>	<b>1,122,895</b>

The Consolidated Statement of Financial Activities includes all gains and losses for the period. All incoming resources and resources expended derive from continuing activities.

The notes on pages 19 to 32 form part of these financial statements



## CONSOLIDATED AND CHARITY BALANCE SHEETS

At 31 March 2018

	Note	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
<b>Fixed assets</b>					
Intangible fixed assets	15	6,009	9,014	-	-
Tangible fixed assets	16	9,033	1,931	9,033	1,931
Investments	17	-	-	200	200
<b>Total fixed assets</b>		<u>15,042</u>	<u>10,945</u>	<u>9,233</u>	<u>2,131</u>
<b>Current assets</b>					
Debtors	18	604,628	117,463	644,726	159,911
Cash at bank and in hand		742,963	1,225,820	741,876	1,225,790
		<u>1,347,591</u>	<u>1,343,283</u>	<u>1,386,602</u>	<u>1,385,701</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(203,263)</u>	<u>(231,333)</u>	<u>(194,005)</u>	<u>(226,246)</u>
<b>Net current assets</b>		<u>1,144,328</u>	<u>1,111,950</u>	<u>1,192,597</u>	<u>1,159,455</u>
<b>Total net assets</b>		<u>1,159,370</u>	<u>1,122,895</u>	<u>1,201,830</u>	<u>1,161,586</u>
<b>Total funds</b>	3	<u>1,159,370</u>	<u>1,122,895</u>	<u>1,201,830</u>	<u>1,161,586</u>

These Financial Statements were approved and authorised by issue by the Board on 21 December 2018.

Signed on behalf of the Board of Trustees:



D C Davies  
Director

21 December 2018

**BLUE MARINE FOUNDATION****CONSOLIDATED STATEMENT OF CASH FLOWS****Year ended 31 March 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Net income for year</b>	36,475	405,545
Interest receivable	(386)	(318)
Depreciation of tangible fixed assets	2,817	548
Amortisation of intangible fixed assets	3,005	3,031
Increase in debtors	(487,165)	(14,617)
(Decrease)/Increase in creditors	(28,070)	57,131
<b>Net cash flow from operating activities</b>	<u>(473,324)</u>	<u>451,320</u>
<b>Cash flow from investing activities</b>		
Payments to acquire tangible fixed assets	(9,919)	(2,402)
Interest received	386	318
<b>Net cash flow from investing activities</b>	<u>(9,533)</u>	<u>(2,084)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(482,857)</u>	<u>449,236</u>
<b>Cash and cash equivalents at 1 April 2017</b>	1,225,820	776,574
<b>Cash and cash equivalents at 31 March 2018</b>	<u>742,963</u>	<u>1,225,820</u>

The notes on pages 19 to 32 form part of these financial statements

**BLUE MARINE FOUNDATION****CHARITY STATEMENT OF CASH FLOWS****Year ended 31 March 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Net income for year</b>	40,244	363,599
Interest receivable	(1,235)	(1,150)
Depreciation of tangible fixed assets	2,817	548
Amortisation of intangible fixed assets	-	27
Increase in debtors	(483,996)	(19,238)
(Decrease)/Increase in creditors	(32,241)	57,130
<b>Net cash flow from operating activities</b>	<b>(474,381)</b>	<b>400,916</b>
<b>Cash flow from investing activities</b>		
Payments to acquire tangible fixed assets	(9,919)	(2,402)
Interest received	386	318
<b>Net cash flow from investing activities</b>	<b>(9,533)</b>	<b>(2,084)</b>
<b>Cash flows from financing activities</b>		
(Advances)/ Repayment of short term loan to BMF Trading Limited	-	50,563
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>50,563</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(483,914)</b>	<b>449,395</b>
<b>Cash and cash equivalents at 1 April 2017</b>	<b>1,225,790</b>	<b>776,395</b>
<b>Cash and cash equivalents at 31 March 2018</b>	<b>741,876</b>	<b>1,225,790</b>

The notes on pages 19 to 32 form part of these financial statements

## **BLUE MARINE FOUNDATION**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 March 2018**

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#### **I Summary of significant accounting policies**

##### **(a) General information and basis of preparation**

Blue Marine Foundation ("the Charity") is a charitable company limited by guarantee in the United Kingdom. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity. The address of the registered office is given in the Charity information on page 2 of these Consolidated Financial Statements. The nature of the Charity's operations and principal activities are as set out in the Trustees' Annual Report on pages 3 to 11.

The Charity constitutes a public benefit entity as defined by FRS 102. The Consolidated 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 United Kingdom and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Consolidated Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The Consolidated Financial Statements are prepared in sterling which is the functional currency of the Charity.

The significant accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### **(b) Group financial statements**

These Consolidated Financial Statements consolidate the results of the Charity and its wholly owned subsidiary BMF Trading Limited, on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure account are not presented for the Charity itself in accordance with the applicable exemptions afforded by section 408 of the Companies Act 2006.

##### **(c) Funds**

Unrestricted funds 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 cost 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 Consolidated Financial Statements.

##### **(d) Income recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.



## BLUE MARINE FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

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#### I Summary of significant accounting policies (continued)

##### (d) Income recognition (continued)

For donations to be recognised, the Charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the Charity has control over the item. Fair value is determined on the basis of the value of the gift to the Charity. For example the amount the Charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the Consolidated Financial Statements for volunteer time in line with the SORP (FRS 102).

Income from trading activities includes income earned from trading activities conducted by BMF Trading Limited, a subsidiary of the Charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The Charity receives government and other grants in respect of the Maldives Project (see note 2). Income from government and other grants are recognised at fair value when the Charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

##### (e) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes of directly incurred expenditure associated with fundraising activities and allocated support costs;
- Expenditure on charitable activities includes direct project costs, science and educational related activities, promotional costs in relation to the Charity's mission and allocated support costs; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

##### (f) Support costs allocation

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs, etc. They are incurred directly in support of expenditure on the objects of the Charity and include project management carried out at the Charity's head office. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. All non-staff overheads have been allocated in proportion to the allocation of staff resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 9.

## BLUE MARINE FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

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#### I Summary of significant accounting policies (continued)

##### (g) Intangible assets – Goodwill

Goodwill arising on business combinations is capitalised, classified as an asset on the Consolidated Balance Sheet and amortised on a straight line basis over its useful life. The period chosen for writing off goodwill is typically ten years in accordance with FRS 102. The Trustees have decided to amortise goodwill over the remainder of its revised useful economic life to March 2020 on a straight line basis.

##### (h) Intangible assets – Trademarks

Trademark costs are capitalised and amortised over a period of three years on a straight line basis.

##### (i) Intangible assets – Website development costs

Website development costs are capitalised to the extent that technical, commercial and financial feasibility can be demonstrated.

Website development costs are amortised over three years on a straight line basis.

##### (j) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Asset class	Depreciation method and rate
Office equipment	Straight line over 3 years

##### (k) Tangible fixed assets – Leasehold

Leasehold assets are capitalised at cost and amortised over the life of the lease.

##### (l) Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

##### (m) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

##### (n) Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

## **BLUE MARINE FOUNDATION**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 March 2018**

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#### **I Summary of significant accounting policies (continued)**

##### **(o) Foreign currency**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

##### **(p) Employee benefits**

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

##### **(q) Tax**

The Charity is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

##### **(r) Going concern**

The Consolidated Financial Statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

##### **(s) Judgements and key sources of estimation uncertainty**

In preparing the Consolidated Financial Statements, the Trustees have to make judgements on how to apply the group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Consolidated Financial Statements are stated in the specific policies above. In the Trustees' opinion, there are no key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year.



**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 March 2018**

<b>2. Incoming resources</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Donations and legacies</b>				
Corporate donations	30,810	140,844	171,654	254,427
Donations received from individuals	175,930	212,753	388,683	790,330
Donations received from Private Foundations	215,968	785,804	1,001,772	387,732
Auction income	2,877	35,732	38,609	108,100
BMYC Membership donations	46,412	7,550	53,962	95,000
Donations in kind	332,860	-	332,860	322,706
Government funding	78,716	7,755	86,471	16,500
	<u>883,573</u>	<u>1,190,438</u>	<u>2,074,011</u>	<u>1,974,795</u>
<b>Other trading income</b>	10,218	-	10,218	49,045
<b>Investment income</b>	386	-	386	318
<b>Total incoming resources</b>	<u>894,177</u>	<u>1,190,438</u>	<u>2,084,615</u>	<u>2,024,158</u>

The Trustees would like to thank the following companies that provided pro-bono support to BLUE:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Freud Communications	250,000	250,000
Latham & Watkins LLP	22,768	7,100
Rawlinson & Hunter	60,092	65,606
	<u>332,860</u>	<u>322,706</u>



## BLUE MARINE FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

#### 3. Analysis of fund movements

	Brought forward	Incoming resources	Resources expended	Transfers	Carried forward
	£	£	£	£	£
<b>Restricted</b>					
Aeolians	175,908	67,526	(98,692)	-	144,742
Ascension	27,738	196,130	(140,861)	-	83,007
Back the Blue Belt	-	75,000	(74,027)	-	973
Big Marine Data Project	-	165,373	(3,750)	-	161,623
Blackwater	-	-	(1,350)	-	(1,350)
Caspian	14,078	-	(14,078)	-	-
Future of UK Fishing	-	26,611	(107,630)	81,019	-
Lyme Bay	50,151	9,090	(201,612)	70,000	(72,371)
Maldives	77,364	108,338	(86,536)	-	99,166
Med Roll Out	-	21,851	(23,385)	-	(1,534)
Saoirse Project	186	49,959	-	-	50,145
Solent	40,509	216,677	(245,558)	-	11,628
St Helena	-	253,762	(109,921)	-	143,841
UK Rollout	106,572	-	(153,988)	-	(47,416)
UKOTS	24,763	121	(24,897)	-	(13)
	<u>517,269</u>	<u>1,190,438</u>	<u>(1,286,285)</u>	<u>151,019</u>	<u>572,441</u>
<b>Unrestricted</b>					
General	605,626	894,177	(761,855)	(151,019)	586,929
<b>Total</b>	<u>1,122,895</u>	<u>2,084,615</u>	<u>(2,048,140)</u>	<u>-</u>	<u>1,159,370</u>

#### 4. Analysis of group assets between funds

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Debtors	99,210	505,418	604,628	117,464
Cash at bank and in hand	522,941	220,022	742,963	1,225,820
Creditors	(46,181)	(157,082)	(203,263)	(231,334)
	<u>575,970</u>	<u>568,358</u>	<u>1,144,328</u>	<u>1,111,950</u>
Intangible fixed assets	6,009	-	6,009	9,014
Tangible fixed assets	4,950	4,083	9,033	1,931
<b>Total</b>	<u>586,929</u>	<u>572,441</u>	<u>1,159,370</u>	<u>1,122,895</u>

## BLUE MARINE FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

#### 5. Financial activities of the charity

The financial activities shown in the Consolidated Financial Statements includes those of the Charity's wholly owned subsidiary, BMF Trading Limited.

A summary of the financial activities undertaken by the Charity is set out below:

	2018 £	2017 £
<b>Donations and legacies</b>	2,074,011	1,974,795
Costs of raising funds	(81,172)	(81,780)
Charitable activities	(1,860,362)	(1,403,310)
Other	(93,468)	(127,256)
Interest receivable	1,235	1,150
<b>Net incoming resources</b>	40,244	363,599
Funds brought forward	1,161,586	797,988
<b>Funds carried forward</b>	1,201,830	1,161,586

#### 6. Incoming resources from activities for generating funds

The charity owns 100% of the share capital in BMF Trading Limited (200 £1 ordinary shares). This subsidiary provides marketing and branding services to commercial organisations to generate funds to support Blue Marine Foundation. A summary of the trading results is shown below.

	2018 £	2017 £
<b>Turnover</b>	10,218	49,045
Cost of sales and administration costs	(10,132)	(3,262)
Interest payable	(849)	(832)
Interest receivable	-	-
<b>Net profit</b>	(763)	44,951
Reserves brought forward	(47,706)	(92,657)
Reserves carried forward	(48,469)	(47,706)
<b>The assets and liabilities of the subsidiary were:</b>		
Current assets	4,282	29
Current liabilities	(52,551)	(47,535)
<b>Total net liabilities</b>	(48,269)	(47,506)
<b>Allotted, called up and fully paid shares</b>	200	200

# BLUE MARINE FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

7. Costs of raising funds	Unrestricted funds 2018 £	Unrestricted funds 2017 £
Direct costs	10,869	23,657
Support costs (Note 9)	70,303	58,123
	<u>81,172</u>	<u>81,780</u>

8. Charitable activities	Unrestricted Funds £	Restricted Funds* £	Total 2018 £	Total 2017 £
Aeolians	-	98,692	98,692	20,408
Ascension	-	140,861	140,861	136,000
Ascension Enforcement	-	-	-	100,000
Back the Blue Belt	-	74,027	74,027	-
Big Data	-	3,750	3,750	3,880
Blackwater	-	1,350	1,350	-
Caspian	-	14,078	14,078	-
Future of UK Fishing	-	107,630	107,630	-
Lyme Bay	-	201,612	201,612	110,900
Maldives	-	86,536	86,536	13,787
Med Roll Out	-	23,385	23,385	-
Saoirse Project	-	-	-	143,180
Solent	-	245,558	245,558	59,467
St Helena	-	109,921	109,921	-
UK Rollout	-	153,987	153,987	7,218
UKOTS	-	24,898	24,898	237
Programme related pro-bono PR support	250,000	-	250,000	250,000
Programme related pro-bono legal support	22,768	-	22,768	7,100
Support costs (Note 9)	301,309	-	301,309	551,133
Governance costs (Note 10)	106,606	-	106,606	133,523
	<u>680,683</u>	<u>1,286,285</u>	<u>1,966,968</u>	<u>1,536,833</u>

\* Restricted Funds expenditure includes support costs directly charged to projects (see Note 9).



**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 March 2018****9. Allocation of support costs and overheads**

The breakdown of support costs is shown in the table below:

<b>Cost type</b>	<b>2018 £</b>	<b>2017 £</b>
Wages, salaries, pension contributions and other staff costs	584,591	491,300
Marketing and branding	17,651	34,857
Programme related events	135,769	-
Consultancy fees	48,384	35,640
Travel and subsistence	118,374	51,830
Printing, postage and stationery	8,157	6,669
Telephone and internet	7,975	3,123
Rent, rates and property costs	47,165	41,236
Insurance	6,318	6,282
IT costs	29,178	14,056
Sundry expenses	11,366	5,033
Foreign exchange losses/(gains)	12,123	(28,969)
Depreciation	2,942	574
Amortisation	3,005	3,031
Bank charges	4,391	3,540
	<u>1,037,389</u>	<u>668,202</u>

Support costs are allocated between governance, charitable activities and cost of generating funds on the basis of staff time as shown in the table below:

<b>Total costs</b>	<b>2018 £</b>	<b>2017 £</b>
Costs of generating funds	70,303	58,123
Charitable activities *	928,581	551,133
Governance cost	38,505	58,946
	<u>1,037,389</u>	<u>668,202</u>

\* Includes £627,271 directly charged to projects (2017 - £220,589) of which all relates to projects which are restricted funds (2017 - £220,589).

**10. Governance Costs**

	<b>2018 £</b>	<b>2017 £</b>
Auditor's remuneration	6,442	7,235
Legal and professional fees	61,659	67,341
Support costs (note 9)	38,505	58,946
	<u>106,606</u>	<u>133,523</u>

As disclosed in note 2, Latham & Watkins provided pro bono legal advice totalling £22,768 (2017 - £7,100) Freud Communications provided pro bono public relations/ communications services totalling £250,000 (2017 - £250,000) and Rawlinson & Hunter provided accounting and book-keeping support services totalling £60,093 (2017 - £65,606). The Trustees consider that all of the Latham & Watkins pro bono legal advice and all of the Freud Communications pro bono advice related directly to Charitable Activities and these amounts have therefore been recorded as such (see Note 8).

**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 March 2018****11 Net income / (expenditure) for the year**

Net income / (expenditure) is stated after charging / (crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	2,817	548
Amortisation of goodwill	3,005	3,004
Amortisation of other intangible assets	-	27
Operating lease rentals	40,773	36,299
Net loss/(gain) on foreign exchange	12,123	(28,969)

**12 Auditor's remuneration**

	2018 £	2017 £
Fees payable to the Charity's auditor for the audit of the Charity's Financial Statements	3,912	3,721
Fees payable to the Charity's auditor for other services:		
Audit of the Charity's subsidiaries	2,530	2,480
Corporation Tax preparation for the Charity's subsidiaries	945	985

**13 Trustees' and key management personnel remuneration and expenses**

The Trustees neither received nor waived any remuneration for their roles as Trustees during the year (2017: £Nil). See note 21 for other transactions entered into at arm's length with the Trustees or their associates.

The total amount of employee benefits received by key management personnel is £247,500 (2017 - £248,825). The Charity considers its key management personnel comprise the CEO and Executive Director (2017- CEO and Executive Director).

Two Trustees (2017 – two) were reimbursed £1,666 (2017 - £250) in respect of travel expenditure and other direct costs.

# BLUE MARINE FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

14. Wages and salaries	2018 £	2017 £
Salaries, wages and other staff costs	499,359	419,699
Employer pension contributions	30,416	27,161
Employers national insurance contributions	54,816	44,441
	<u>584,591</u>	<u>491,301</u>

The average number of employees for the year ended 31 March 2018 was ten (2017 – seven).

The Charity operates a defined contribution pension plan for its employees. The amount recognised as an expense during the year amounted to £30,416 (2017 - £27,161).

One employee had emoluments of between £100,000 and £110,000 during the year. One employee had emoluments between £130,000 and £140,000. (2017 – One employee had emoluments of between £90,000 and £100,000 and one employee has emoluments between £120,000 and £130,000 during the year). No other employees had emoluments of greater than £60,000.

15. Intangible fixed assets	Website Development £	Trademark £	Goodwill £	Total £
<b>Group</b>				
<b>Cost</b>				
As at 1 April 2017	6,302	967	19,487	26,756
Additions for the year	-	-	-	-
As at 31 March 2018	<u>6,302</u>	<u>967</u>	<u>19,487</u>	<u>26,756</u>
<b>Amortisation</b>				
At 1 April 2017	6,302	967	10,473	17,742
Charge for the year	-	-	3,005	3,005
At 31 March 2018	<u>6,302</u>	<u>967</u>	<u>13,478</u>	<u>20,747</u>
<b>Net book value</b>				
At 31 March 2018	-	-	6,009	6,009
At 31 March 2017	<u>-</u>	<u>-</u>	<u>9,014</u>	<u>9,014</u>



# BLUE MARINE FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

16. Tangible fixed assets	Leasehold	Office equipment	Total
	£	£	£
<b>Group and charity</b>			
<b>Cost</b>			
At 1 April 2017	-	5,570	5,570
Additions for the year	5,000	4,919	9,919
At 31 March 2018	5,000	10,489	15,489
<b>Depreciation</b>			
At 1 April 2017	-	3,639	3,639
Charge for the year	917	1,900	2,817
At 31 March 2018	917	5,539	6,456
<b>Net book value</b>			
At 31 March 2018	4,083	4,950	9,033
At 31 March 2017	-	1,931	1,931

17. Investments	Subsidiary undertakings
	£
<b>Charity</b>	
<b>Cost and net book value</b>	
At 1 April 2017 and 31 March 2018	200

Details of the subsidiary undertakings are set out below:

	Country of incorporation	% held	Activity
BMF Trading Limited 200 Ordinary shares of £1 each	England	100	Providing support to activities of Blue Marine Foundation

18. Debtors	2018 Group	2017 Group	2018 Charity	2017 Charity
	£	£	£	£
Amounts owed by group undertakings	-	-	43,294	42,448
Trade debtors	55,017	54,497	54,321	54,497
Other debtors	549,611	62,966	547,111	62,966
	604,628	117,463	644,726	159,911

# BLUE MARINE FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

19. Creditors: amounts falling due within one year	2018 Group	2017 Group	2018 Charity	2017 Charity
	£	£	£	£
Trade creditors	168,606	147,497	164,435	147,497
Accruals	8,412	54,537	5,012	51,137
Other creditors	26,245	29,299	24,558	27,612
	<u>203,263</u>	<u>231,333</u>	<u>194,005</u>	<u>226,246</u>

20. Financial instruments	2018 Group	2017 Group	2018 Charity	2017 Charity
	£	£	£	£
<b>Financial assets</b>				
Financial assets measured at amortised cost	589,021	104,949	629,119	147,397
	<u>589,021</u>	<u>104,949</u>	<u>629,119</u>	<u>147,397</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	185,280	205,179	176,022	200,092
	<u>185,280</u>	<u>205,179</u>	<u>176,022</u>	<u>200,092</u>

Financial assets measured at amortised cost include trade and other debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost include trade and other creditors and accruals.

### 21. Operating lease commitments

As at 31 March 2018 the entity has total future minimum lease payments under non-cancellable operating leases as follows:

Operating leases which expire:

	2018 £	2017 £
Less than one year	<u>9,817</u>	<u>9,439</u>

### 22. Related party transactions

Other creditors include £1,687 (2017 - £1,687) due to directors in respect of the funds advanced upon incorporation of BMF Trading Limited. The balance is interest free and repayable on demand.

Appleby Consultancy Services Limited, a company of which T P S Appleby is a director, provided consultancy services of £14,718 (2017 - £750).

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**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL  
STATEMENTS****Year ended 31 March 2018**

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**22. Related party transactions (continued)**

Rawlinson & Hunter, a partnership in which D C Davies is a partner, provided pro bono accounting services to the charity and its subsidiary amounting to £60,093 (2017 - £65,606).

Freud Communications, a public relations company of which A K O Brady is a director, provided pro bono PR services of £250,000 (2017 - £250,000).

All the above related party transactions were entered into at arms' length rates, subjected to appropriate benchmarking and were approved by the Board of Trustees in accordance with the Charity's constitution.

The Charity has taken advantage of the exemptions in FRS 102 from disclosing transactions with other members of the group.

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**23. Controlling party**

The charity is controlled by its Trustees.

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**24. Liability of members**

The charity limited by guarantee and has no share capital. The Memorandum of Association provides that every member, as defined by Clause 8 of the Articles of Association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while he or she is a member. At 31 March 2018 there were three (2017 – three) members.

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