

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

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2016**

**Company number: 07176743**

# **BLUE MARINE FOUNDATION**

## **C O N T E N T S**

**Year ended 31 March 2016**

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## **BLUE MARINE FOUNDATION**

### **CHARITY REFERENCE AND ADMINISTRATIVE DETAILS**

**Year ended 31 March 2016**

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**Charity registration number** 1137209

**Company registration number** 07176743

**Directors and Trustees**  
G L Duffield  
C M J Gorell Barnes  
C R H Clover (resigned 11 November 2015)  
T P S Appleby  
A K O Brady  
Lord J S Deben  
Prof C M Roberts  
M R Rose  
A Weston  
D C Davies

**Chief Executive Officer** C Brook

**Executive Director** C R H Clover

**Registered office**  
Third Floor  
South Building  
Somerset House  
Strand  
London  
WC2R 1LA

**Auditor**  
Dixon Wilson  
22 Chancery Lane  
London  
WC2A 1LS

**Bankers**  
Coutts & Co  
440 Strand  
London  
WC2R 0QS

**Solicitors**  
Latham & Watkins LLP  
99 Bishopsgate  
London  
EC2M 3XF

## **BLUE MARINE FOUNDATION**

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

**Year ended 31 March 2016**

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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 2016. The consolidated Financial Statements have been prepared in accordance with the accounting policies set out on pages 17 to 19 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 2016 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 and from the Trustees' solicitors. 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 and delivering practical examples of sustainable fishing. BLUE's aim is to see effective protection of at least ten per cent of the world's oceans by 2020 and a third of oceans protected in the long term.

#### **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 72% of the earth's surface, absorb over half the earth's CO<sub>2</sub> 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 purpose of BLUE is to address overfishing – arguably the greatest threat to the oceans – in the most effective way possible.

## **BLUE MARINE FOUNDATION**

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**Year ended 31 March 2016**

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#### **Strategic Report**

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

- Promoting the creation of large-scale marine reserves;
- 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.

#### ***A short summary of project achievements in the year ended 31 March 2016:***

*Enabling the creation of marine protected areas:*

##### *The UK Overseas Territories*

Strong progress was made in the year ended 31 March 2016 against BLUE's aim of seeing at least ten per cent of oceans under protection by 2020. A key focus for BLUE has been its campaign for the UK government to protect its vast marine estate around the UK Overseas Territories. As part of the GB Oceans campaign, BLUE achieved a major conservation win in April 2015 when the Conservative party announced its intention of designating a marine reserve around Pitcairn in the Pacific and a commitment to create a 'Blue Belt' around all the UK Overseas Territories, including Ascension in the Atlantic.

Shortly after the Conservatives were elected with a majority in May 2015, the Ascension Island Government pressed to be allowed to re-open a fishery in its waters. The fishery, closed since 2013, sold its licences mainly to a Taiwanese fleet, which used long-lining – a method which delivers a high proportion of by-catch. In Ascension's particularly rich waters, this means that not only yellowfin, big-eye and blue fin tuna were caught, but also marlin, swordfish, sharks and many other threatened species, as well as turtles and sea birds. The Ascension Islanders were not against marine protection, but needed the money from selling fishing licences. BLUE found a solution by raising funds from an American philanthropist, Louis Bacon, who undertook to pay for the monitoring and enforcement of a closed area in over half Ascension's waters (an area nearly the size of mainland UK) until such time as government funding could be found. BLUE also insisted on the strict monitoring of a re-opened fishery to limit by-catch through mandatory de-hooking devices, ensuring a total ban on shark finning was adhered to, and that safety standards for the people on board the fishing vessels were adequate. BLUE then persuaded the UK government to take up the funding of the monitoring and enforcement of the marine protected area and the fishing zone in subsequent years.

A successful outcome in Ascension not only meant the creation of the largest no-take zone in the Atlantic, but also smoothed the path for the creation of marine reserves, or the improvement of existing ones, around other UK Overseas Territories.

BLUE has been working as part of the Great British Oceans Coalition, a partnership of non-governmental organisations including Greenpeace, Marine Conservation Society, Royal Society for the Protection of Birds, Pew and the Zoological Society of London, to encourage the UK government to protect more of the UK overseas territories. BLUE's particular focus currently is on Bermuda and St Helena.

##### *Marine Protected Areas around the Aeolian Islands*

BLUE has initiated a project in partnership with the Aeolian Island Preservation Fund to implement a zoned marine protected area in the Aeolian archipelago. The Aeolian Islands have been under consideration for marine protection since the early 1990s, but finally meaningful progress was made in 2016 when the Italian Minister of Environment, Land and Sea officially committed to the designation of a marine protected area in the Aeolians and local municipalities announced that this would go ahead. In order for marine protection to be fully effective, BLUE needs to deliver a map of the underwater habitat around the islands to the Italian government agency, conduct an education and awareness campaign aimed particularly at recreational boaters and persuade the fishermen to cooperate by implementing the Lyme Bay model of community based sustainable fishing.

## **BLUE MARINE FOUNDATION**

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

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#### *Community-based models of sustainable fishing:*

##### *Lyme Bay*

BLUE's project in Lyme Bay, now in its fifth year, has brought together fishermen, conservationists and regulators to create a model of sustainable fishing where the fishermen are incentivised to fish less and protect the reef in return for, if possible, receiving higher prices for their fish. The project is having a tangible impact on the lives of the fishermen as well as the marine ecology of the area. In September 2015, the Lyme Bay Reserve seafood brand was launched. This enables the fishermen to sell their catch nationally and – because of its sustainable and assured provenance – the fishermen are seeing an increase of as much as 25 per cent for their catch. A news report quoted the fishermen as saying that BLUE's project was 'the best thing to happen in this port in a hundred years.' Plymouth University published a study in March 2016 which helps quantify the success of Lyme Bay in terms of regeneration of the marine environment and improved livelihoods for fishermen and their communities.

BLUE believes that this model, which works with local, small-scale fishermen to improve the marine environment (and so ensure sustained catches in the long run and thus the survival of fishing communities) is one that could be applied both in carefully selected sites round the UK coast and abroad. Future plans include introducing the Lyme Bay model to the fishermen of the Aeolian Islands in Sicily.

##### *The Solent*

The Solent and the Blackwater Estuary in Essex have been identified by BLUE as areas that would benefit from a community-based approach to marine conservation. In the Solent, BLUE has embarked on an ambitious project to restore millions of native British oysters. Regeneration of the native oyster, which once proliferated around the UK coast, offers multiple benefits to the marine environment. Oysters are a 'keystone' species because they filter out impurities and improve the marine environment so that other species, including fin fish, can thrive. Early 2016 saw the completion of the Solent oyster management plan which has identified sites best suited to re-seed the oyster population and a range of methods to reintroduce the oysters. Working with MDL Marinas and Ben Ainslee Racing, BLUE has suspended cages containing oyster cultch under marinas as part of the re-seeding programme. BLUE is raising funds to buy up to ten million oysters, which when carefully introduced will transform the marine environment of a huge swathe of water between the English south coast and the Isle of Wight.

#### *Protecting endangered species:*

##### *The Maldives*

BLUE is working with Six Senses Laamu, the Maldivian government and Marks & Spencer to protect the threatened grouper population in the Maldives. Groupers are remarkable fish, vital for the health of the coral reefs in the Maldives, but also vulnerable to over-fishing. BLUE's work has involved identifying grouper breeding sites and carrying out scientific research which will show that drastic changes need to be made to the way they are fished if the population is to survive. BLUE has built a local team, including a PhD student from York University and a Maldivian marine biologist.

##### *The Caspian*

Five critically endangered species of sturgeon will be extinct in the wild by 2020 unless we can tackle this tragedy of the commons: chronic overfishing and habitat destruction throughout the Caspian Sea. BLUE has initiated a project to work in Azerbaijan with a local charity, IDEA and the Ministry of Environment to collect data, restore habitats, reduce illegal fishing, create protected areas and support awareness raising activities. The goal is to see naturally spawning populations of sturgeon and salmon in Azerbaijan's rivers.

Though working in Azerbaijan is challenging due to political and social constraints, BLUE has achieved a countrywide ban on the import of gillnets, extensive and continued removal of 'ghost' gillnets in river/coastal areas, commitment of the Minister of Environment to create the first MPA in the Caspian and a programme to retrain poachers.

## **BLUE MARINE FOUNDATION**

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**Year ended 31 March 2016**

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#### *Working in partnership with other NGOs*

##### *Scotland*

BLUE has continued to co-fund a community support officer (for £10,000 in this financial year, from a total of £35,000 spread over three years). She has been helping Scottish island communities develop proposals with the Scottish government to create marine protected areas. BLUE's latest tranche of funding will go towards the development of a website which will enable isolated communities to connect and share experiences of how best to create marine protection. BLUE is also working with SIFT, a Scottish NGO, to challenge the structure of inshore fisheries regulation.

##### *Saoirse, Patagonia*

Saoirse is a vessel whose exploratory expeditions in Chilean Patagonia were supported by a donor acting through Blue Marine Foundation. In 2016 Saoirse sailed into the remote Golf de Tres Montes, one of the most isolated parts of the Patagonian coast to discover the reason for the largest baleen whale mortality event in recorded history. Almost 400 sei whales were found to have died in the fiords in a single event.

In separate month-long expeditions Saoirse carried two university research teams to try to shed light on the cause and meaning of the mortality event which was thought to be linked to global warming and strong El Nino phenomena in the Pacific Ocean. Virtually every known whale carcass was visited and extensively analysed with results to be published in early 2017.

Blue Marine Foundation also sent out a drone operator, Ollie Darwin, to join the second expedition to document the activities from a higher perspective. Not only did he garner some spectacular footage of the team in action in the environs of Patagonia, but also managed to experiment with the use of the drone as an efficient scientific tool. That should inform future studies in the area which will now include a focus on live whale behaviour studies.

#### **Financial review**

The accounts are set out on pages 12 to 29.

Donations amounting to £2,116,187 (gross) (2015 - £1,920,988 (gross)) were received during the year, and £1,964,451 (2015 - £2,068,888) 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 2016 amounted to £717,350 (2015 - £541,457) and include BMF Trading Limited accumulated losses of £92,658 (2015 - accumulated losses of £109,152) and fixed assets of £12,122 (2015 - £15,865). 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.

## BLUE MARINE FOUNDATION

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"Free reserves" held at 31 March 2016 (consisting of amounts which could be spent without disposing of fixed assets or investments and excluding restricted or designated funds), amounted to £531,018 (2015 - £326,112).

These reserves are available for expenditure on further charitable opportunities which may arise, 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.

#### **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.

##### *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 a Head of Conservation, a Project Manager and a Project Officer. 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.

- *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 no over reliance on any one source.



## BLUE MARINE FOUNDATION

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

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- *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. To the extent 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 adhoc basis.

*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 over-fishing. 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.

In order to obtain maximum impact from its work, BLUE concentrates on the following five strategies:

1. **Persuasion:** BLUE works to convince the UK and other governments to designate more marine protected areas. BLUE advocates changes in legislation to encourage more sustainable fishing practices.
2. **Innovation:** BLUE works at the local level to develop best-practice sustainable fisheries that demonstrate how livelihoods and ocean conservation go hand in hand.
3. **Awareness:** Through reports, films, articles, symposiums and sponsored cycle rides, BLUE works tirelessly to draw attention to the crisis in the oceans and demonstrate how it can be solved.
4. **Brokering:** BLUE brings together sources of funding, governments and conservation expertise to catalyse the creation of vast marine protected areas.
5. **Partnerships:** BLUE believes in working with others to bring about change. BLUE works with national and local regulators, other NGOs, notably the Great British Oceans Coalition, and businesses to achieve its goals.

## **BLUE MARINE FOUNDATION**

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

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

BLUE will seek to move closer to its 2020 aim of 10% of oceans under protection.

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 designated protected areas move to a higher degree of protection with even more rigorous enforcement. Particular areas of focus will include further protection around Ascension, the advancement of protection around Bermuda and around St Helena.

BLUE will continue to focus on the preservation of biodiversity and the protection of endangered species, including its project to restore the Beluga sturgeon in the Caspian Sea and its tributaries and its work to restore grouper populations in the Maldives.

BLUE's highly successful project in Lyme Bay is nearing completion. BLUE will ensure that sufficient structures are in place so that the scheme can continue to reap benefits for both the marine environment and the local fishermen in perpetuity. BLUE will gather together testimonials of fishermen, film, socio-economic data and scientific evidence that proves the success of Lyme Bay and will use this to encourage other locations to adopt the model. BLUE will then set about identifying other suitable sites in the UK and will start to establish a Lyme Bay-type model (or BLUE print) around the UK coast.

BLUE will also take a version of its Lyme Bay model to the Aeolian Islands north of Sicily where overfishing and heedless tourism have decimated the fish population, including swordfish, whales and dolphins.

The Solent is another off-shoot of Lyme Bay. We have already started re-seeding oysters in cages and will look to scale up dramatically the reintroduction of this keystone species. The aim is to put ten million oysters into the Solent, which in turn will multiply many times. Millions of oysters in the Solent could dramatically improve its polluted waters, as well as having a highly beneficial impact on many fish species.

#### ***Achievements since BLUE's inception in July 2010***

The Blue Marine Foundation (BLUE) has now been in existence for six years. When BLUE was established, less than one per cent of the world's oceans were under protection. In October 2016, taking into account intended designations announced at the Our Oceans conference in September 2016, this figure is now set to reach 6%. BLUE has played a significant role in this increase and has notched up the following achievements:

- In 2010, BLUE played a key role in catalysing the creation of the world's largest fully protected marine reserve around one of the UK Overseas Territories (UKOTs), Chagos in the Indian Ocean, doubling the amount of ocean under protection in the world at the time.
- In 2012, BLUE partnered with the government of Belize and the Bertarelli Foundation to protect the Turneffe Atoll in Belize, an area rich in biodiversity and CO<sub>2</sub> absorbing mangroves.
- In 2012, BLUE initiated a fully traceable, sustainable fishery in Lyme Bay, Dorset by forming a collective where fishermen benefit from becoming conservationists. This model is being applied to other coastal areas in the UK including the Solent where BLUE has instigated a plan to restore the native oyster.
- BLUE has partnered with local NGOs in Scotland to develop marine protected areas and promote sustainable fishing practices, and has co-funded a community support officer to help communities establish Marine Protected Areas.
- In 2014, a report commissioned by BLUE questioned the legality of over-fishing. This work gave rise to BLUE's current campaign to curb over-fishing of vulnerable fish species around the UK, including sea bass.
- In 2015, as part of the Great British Oceans Coalition, BLUE successfully campaigned for marine protection around the UK Overseas Territories resulting in the UK government's announcement to create the world's biggest marine reserve around Pitcairn Island and to create a 'blue belt' around the UK's 14 Overseas Territories.

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- In 2016, BLUE enabled the closure of an area almost the size of the UK around Ascension Island in the Atlantic – the largest no-take zone in the Atlantic. Fishing in the other half of Ascension's waters was to be carefully regulated with a total ban on shark finning.
- In 2016 BLUE, in partnership with the IDEA foundation in Azerbaijan, initiated a ban on the import of gillnets into Azerbaijan and a programme of gillnet clearance, thus enabling sturgeon to breed in the wild.
- In 2016 BLUE partnered with the Aeolian Island Preservation Fund to press for a network of marine protected areas around the Aeolian islands north of Sicily.

BLUE has been named 'NGO of the year' two years running by the PEA (People Environment Achievement) Awards, in 2014 and in 2015 as part of the GB Oceans coalition.

#### 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 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

G L Duffield

15 December 2016



## BLUE MARINE FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BLUE MARINE FOUNDATION Year ended 31 March 2016

We have audited the financial statements of Blue Marine Foundation for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and Section 151 of the Charities Act 2011 and report in accordance with these Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

#### Opinion on financial statements

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 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.


#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Suzanne Rose (Senior statutory auditor)  
For and on behalf of Dixon Wilson, Statutory Auditor  
22 Chancery Lane, London WC2A 1LS

19 December 2016

**BLUE MARINE FOUNDATION**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**Year ended 31 March 2016**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
<b>Incoming resources from generated funds</b>							
Donations and legacies		1,013,508	1,102,679	2,116,187	745,329	1,175,659	1,920,988
Other trading income		23,807	-	23,807	35,972	-	35,972
Investments		350	-	350	418	-	418
<b>Total incoming resources</b>	2	<u>1,037,665</u>	<u>1,102,679</u>	<u>2,140,344</u>	<u>781,719</u>	<u>1,175,659</u>	<u>1,957,378</u>
<b>Resources expended</b>							
Raising funds	7	(107,972)	-	(107,972)	(119,440)	-	(119,440)
Charitable activities	8	(545,654)	(1,148,413)	(1,694,067)	(653,513)	(1,142,638)	(1,796,151)
Other	10	(162,412)	-	(162,412)	(153,297)	-	(153,297)
<b>Total resources expended</b>		<u>(816,038)</u>	<u>(1,148,413)</u>	<u>(1,964,451)</u>	<u>(926,250)</u>	<u>(1,142,638)</u>	<u>(2,068,888)</u>
<b>Net incoming/(outgoing) resources</b>		<u>221,627</u>	<u>(45,734)</u>	<u>175,893</u>	<u>(144,531)</u>	<u>33,021</u>	<u>(111,510)</u>
Funds brought forward		341,977	199,480	541,457	486,508	166,459	652,967
Transfers between reserves		(20,464)	20,464	-	-	-	-
<b>Funds carried forward</b>		<u>543,140</u>	<u>174,210</u>	<u>717,350</u>	<u>341,977</u>	<u>199,480</u>	<u>541,457</u>

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 16 to 29 form part of these financial statements

## CONSOLIDATED AND CHARITY BALANCE SHEETS

At 31 March 2016

	Note	2016 Group £	2015 Group £	2016 Charity £	2015 Charity £
<b>Fixed assets</b>					
Intangible fixed assets	15	12,045	15,372	27	349
Tangible fixed assets	16	77	493	77	493
Investments	17	-	-	200	200
<b>Total fixed assets</b>		<u>12,122</u>	<u>15,865</u>	<u>304</u>	<u>1,042</u>
<b>Current assets</b>					
Debtors	18	102,847	101,625	190,405	210,447
Cash at bank and in hand		776,584	492,032	776,395	485,640
		<u>879,431</u>	<u>593,657</u>	<u>966,800</u>	<u>696,087</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(174,203)</u>	<u>(58,065)</u>	<u>(169,116)</u>	<u>(51,544)</u>
<b>Net current assets</b>		<u>705,228</u>	<u>535,592</u>	<u>797,684</u>	<u>644,543</u>
<b>Creditors: amounts falling due after one year</b>	20	-	(10,000)	-	(10,000)
<b>Total net assets</b>		<u>717,350</u>	<u>541,457</u>	<u>797,988</u>	<u>635,585</u>
<b>Total funds</b>	3	<u>717,350</u>	<u>541,457</u>	<u>797,988</u>	<u>635,585</u>

These Financial Statements were approved and authorised by issue by the Board on December 2016.

Signed on behalf of the Board of Trustees:



C M J GORELL BARNES

Director

15 December 2016

The notes on pages 16 to 29 form part of these financial statements

**BLUE MARINE FOUNDATION****CONSOLIDATED STATEMENT OF CASH FLOWS****Year ended 31 March 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Net income/(expenditure) for year</b>	175,893	(111,510)
Interest receivable	(350)	(418)
Depreciation of tangible fixed assets	416	848
Amortisation of intangible fixed assets	3,327	1,701
Increase in debtors	(1,222)	(90,728)
Increase/(decrease) in creditors	106,138	(32,378)
<b>Net cash flow from operating activities</b>	<u>284,202</u>	<u>(232,485)</u>
<b>Cash flow from investing activities</b>		
Interest received	350	418
<b>Net cash flow from investing activities</b>	<u>350</u>	<u>418</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	284,552	(232,067)
<b>Cash and cash equivalents at 1 April 2015</b>	492,032	724,099
<b>Cash and cash equivalents at 31 March 2016</b>	<u>776,584</u>	<u>492,032</u>

The notes on pages 16 to 29 form part of these financial statements

**BLUE MARINE FOUNDATION****CHARITY STATEMENT OF CASH FLOWS****Year ended 31 March 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Net income/(expenditure) for year</b>	162,403	(122,688)
Interest receivable	(2,218)	(2,904)
Depreciation of tangible fixed assets	416	848
Amortisation of intangible fixed assets	322	727
Increase in debtors	(7,960)	(80,740)
Increase/(decrease) in creditors	107,572	(30,585)
<b>Net cash flow from operating activities</b>	<u>260,535</u>	<u>(235,342)</u>
<b>Cash flow from investing activities</b>		
Interest received	350	418
<b>Net cash flow from investing activities</b>	<u>350</u>	<u>418</u>
<b>Cash flows from financing activities</b>		
Repayment of short term loan to BMF Trading Limited	29,870	6,157
<b>Net cash flows from financing activities</b>	<u>29,870</u>	<u>6,157</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	290,755	(228,767)
<b>Cash and cash equivalents at 1 April 2015</b>	485,640	714,407
<b>Cash and cash equivalents at 31 March 2016</b>	<u>776,395</u>	<u>485,640</u>

The notes on pages 16 to 29 form part of these financial statements



## **BLUE MARINE FOUNDATION**

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

**Year ended 31 March 2016**

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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 10.

The charity constitutes a public benefit entity as defined by FRS 102. 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 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.

The Charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 25.

##### **(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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the Notes to the Consolidated Financial Statements.

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 2016**

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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 Lyme Bay 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 2016**

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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. On review of the requirement of FRS 102, the Trustees have decided to amortise goodwill existing at the transition date (1 April 2014) over the remainder of its revised useful economic life to March 2020 on a straight line basis. No prior period adjustment has been considered necessary in respect of this alteration of amortisation period.

##### **(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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Office equipment	Straight line over 3 years

##### **(k) Investments in subsidiaries**

Investments in subsidiaries are measured at cost less impairment.

##### **(l) 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.

##### **(m) Leases**

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

##### **(n) 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.

## **BLUE MARINE FOUNDATION**

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

**Year ended 31 March 2016**

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

##### **(o) 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.

##### **(p) 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.

##### **(q) 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.

##### **(r) 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 2016**

<b>2. Incoming resources</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Donations and legacies</b>				
Corporate donations	30,502	430,604	461,106	1,010,357
Donations received from individuals	282,021	125,718	407,739	241,938
Donations received from Private Foundations	279,534	459,814	739,348	241,845
Auction income	11,250	-	11,250	4,772
BMYC Membership donations	50,000	-	50,000	50,000
Donations in kind	344,509	-	344,509	354,215
Government funding	-	86,543	86,543	-
Gift Aid	15,692	-	15,692	-
Other income	-	-	-	17,861
	<u>1,013,508</u>	<u>1,102,679</u>	<u>2,116,187</u>	<u>1,920,988</u>
<b>Other trading income</b>	23,807	-	23,807	35,972
<b>Investment income</b>	350	-	350	418
<b>Total incoming resources</b>	<u>1,037,665</u>	<u>1,102,679</u>	<u>2,140,344</u>	<u>1,957,378</u>

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

	<b>2016 £</b>	<b>2015 £</b>
Freud Communications	250,000	250,000
Latham & Watkins LLP	11,725	104,215
Rawlinson & Hunter	82,784	-
	<u>344,509</u>	<u>354,215</u>

**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 March 2016****3. Analysis of fund movements**

<b>Restricted</b>	<b>Brought forward</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Lurssen	19,256	-	(19,256)	-	-
Belize	27,290	-	(27,290)	-	-
Chagos	-	350,000	(350,000)	-	-
Chagos Filming	(364)	-	-	364	-
Lyme Bay	138,498	214,390	(311,837)	-	41,051
Ascension/UKOTS	14,800	40,814	(75,714)	20,100	-
Solent	-	92,000	(58,841)	-	33,159
Ascension Enforcement	-	300,000	(200,000)	-	100,000
Saoirse Project	-	80,000	(80,000)	-	-
Maldives Grouper	-	20,604	(20,604)	-	-
Big Data	-	4,871	(4,871)	-	-
	<u>199,480</u>	<u>1,102,679</u>	<u>(1,148,413)</u>	<u>20,464</u>	<u>174,210</u>
<b>Unrestricted</b>					
General	341,977	1,037,665	(816,038)	(20,464)	543,140
<b>Total</b>	<u>541,457</u>	<u>2,090,344</u>	<u>(1,964,451)</u>	<u>-</u>	<u>717,350</u>

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

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2016</b>	<b>Total 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debtors	96,943	5,904	102,847	101,625
Cash at bank and in hand	523,161	253,423	777,584	492,032
Creditors	(89,086)	(85,117)	(174,203)	(68,065)
	<u>531,018</u>	<u>174,210</u>	<u>705,228</u>	<u>525,592</u>
Intangible fixed assets	12,045	-	12,045	15,372
Tangible fixed assets	77	-	77	493
<b>Total</b>	<u>543,140</u>	<u>174,210</u>	<u>717,350</u>	<u>541,457</u>

## BLUE MARINE FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2016

#### 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:

	2016	2015
	£	£
<b>Donations and legacies</b>	2,116,187	1,920,988
Costs of raising funds	(107,972)	(105,485)
Charitable activities	(1,694,067)	(1,796,151)
Other	(153,963)	(144,944)
Interest receivable	2,218	2,904
<b>Net incoming/(outgoing) resources</b>	162,403	(122,688)
Funds brought forward	635,585	758,273
<b>Funds carried forward</b>	797,988	635,585

#### 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.

	2016	2015
	£	£
<b>Turnover</b>	23,807	35,972
Cost of sales and administration costs	(5,444)	(21,335)
Interest payable	(1,868)	(2,486)
Interest receivable	-	-
<b>Net profit</b>	16,495	12,151
Reserves brought forward	(109,152)	(121,303)
Reserves carried forward	(92,657)	(109,152)
<b>The assets and liabilities of the subsidiary were:</b>		
Current assets	4,809	17,751
Current liabilities	(97,266)	(126,703)
<b>Total net liabilities</b>	(92,457)	(108,952)
<b>Allotted, called up and fully paid shares</b>	200	200

**BLUE MARINE FOUNDATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 March 2016**

<b>7. Costs of raising funds</b>	<b>Unrestricted funds 2016</b>	<b>Unrestricted funds 2015</b>
	<b>£</b>	<b>£</b>
Direct costs	2,095	12,982
Support costs (Note 9)	105,877	106,458
	<u>107,972</u>	<u>119,440</u>

<b>8. Charitable activities</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds*</b>	<b>Total 2016</b>	<b>Total 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Belize project	-	27,290	27,290	181,913
Chagos Marine Reserve	-	350,000	350,000	700,000
Lyme Bay	-	311,837	311,837	235,779
Lurssen	-	19,256	19,256	9,360
Lyme Rollout	-	-	-	53,002
Ascension/UKOTS	-	75,714	75,714	1,200
Other donations	-	-	-	47,011
Solent	-	58,841	58,841	-
Ascension Enforcement	-	200,000	200,000	-
Saoirse Project	-	80,000	80,000	-
Maldives Group	-	20,604	20,604	-
Big Data	-	4,871	4,871	-
Programme related pro-bono PR support	250,000	-	250,000	250,000
Programme related pro-bono legal support	11,725	-	11,725	50,000
Support costs (Note 9)	283,929	-	283,929	267,886
	<u>545,654</u>	<u>1,148,413</u>	<u>1,694,067</u>	<u>1,796,151</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 2016****9. Allocation of support costs and overheads**

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

<b>Cost type</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Wages, salaries, pension contributions and other staff costs	281,428	234,912
Marketing and branding	27,418	17,890
Consultancy fees	100,363	130,171
Travel and subsistence	51,700	25,764
Printing, postage and stationery	6,166	3,332
Telephone and internet	3,383	3,969
Rent, rates and property costs	22,187	16,805
Insurance	6,023	5,636
IT costs	18,658	4,781
Sundry expenses	1,940	20,511
Foreign exchange (gains)	(4,975)	(12,063)
Depreciation	416	1,253
Amortisation	3,327	1,296
Bank charges	3,028	2,604
	<u>521,062</u>	<u>456,861</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>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Costs of generating funds	105,877	106,458
Charitable activities *	347,796	267,886
Governance cost	67,389	82,517
	<u>521,062</u>	<u>456,861</u>

*\* Includes £109,348 directly charged to projects of which £63,867 relates to projects which are restricted funds.***10. Other costs**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Auditor's remuneration	6,121	5,981
Legal and professional fees	88,902	64,799
Support costs (note 9)	67,389	82,517
	<u>162,412</u>	<u>153,297</u>

As disclosed in note 2, Latham & Watkins provided pro bono legal advice totalling £11,725 (2015 - £104,215) Freud Communications provided pro bono public relations/ communications services totalling £250,000 (2015 - £250,000) and Rawlinson & Hunter provided accounting and book-keeping support services totalling £82,784 (2015 - £nil). 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 2016

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#### 11 Net income / (expenditure) for the year

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

	2016 £	2015 £
Depreciation of tangible fixed assets	416	848
Amortisation of goodwill	3,005	974
Amortisation of other intangible assets	322	727
Operating lease rentals	19,640	16,805
Net (gains) on foreign exchange	(4,975)	(12,063)

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#### 12 Auditor's remuneration

	2016 £	2015 £
Fees payable to the Charity's auditor for the audit of the Charity's Financial Statements	3,721	2,881
Fees payable to the Charity's auditor for other services:		
Audit of the Charity's subsidiaries	2,400	3,100
Corporation Tax preparation for the Charity's subsidiaries	900	900

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#### 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 (2016: £Nil). See note 22 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 £128,700 (2015 - £102,851). The Charity considers its key management personnel comprise the CEO and Executive Director (2015- Managing Director).

Three Trustees (2015 – three) were reimbursed £4,924 (2015 - £2,512) in respect of travel expenditure and other direct costs.

**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 March 2016**

<b>14. Wages and salaries</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Salaries, wages and other staff costs	244,930	211,094
Employer pension contributions	11,700	-
Employers national insurance contributions	24,798	23,818
	<u>281,428</u>	<u>234,912</u>

The average number of employees for the year ended 31 March 2016 was six (2014 – four).

The Charity operates a defined contribution pension plan for its employees. The amount recognised as an expense during the year amounted to £11,700 (2015 - £Nil). These amounts were accrued for and outstanding at 31 March 2016.

One employee had emoluments of between £90,000 and £100,000 during the year (2015 - One employee had emoluments between £100,000 and £110,000). No other employees had emoluments of greater than £60,000.

<b>15. Intangible fixed assets</b>	<b>Website Development</b>	<b>Trademark</b>	<b>Goodwill</b>	<b>Total</b>
<b>Group</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
As at 1 April 2015	6,302	967	19,487	26,756
As at 31 March 2016	<u>6,302</u>	<u>967</u>	<u>19,487</u>	<u>26,756</u>
<b>Amortisation</b>				
At 1 April 2015	6,302	618	4,464	11,384
Charge for the year	-	322	3,005	3,327
At 31 March 2016	<u>6,302</u>	<u>940</u>	<u>7,469</u>	<u>14,715</u>
<b>Net book value</b>				
At 31 March 2016	<u>-</u>	<u>27</u>	<u>12,018</u>	<u>12,045</u>
At 31 March 2015	<u>-</u>	<u>349</u>	<u>15,023</u>	<u>15,372</u>

**BLUE MARINE FOUNDATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 March 2016**

<b>16. Tangible fixed assets</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Group and charity</b>		
<b>Cost</b>		
At 1 April 2015	3,168	3,168
At 31 March 2016	<u>3,168</u>	<u>3,168</u>
<b>Depreciation</b>		
At 1 April 2015	2,675	2,675
Charge for the year	416	416
At 31 March 2016	<u>3,091</u>	<u>3,091</u>
<b>Net book value</b>		
At 31 March 2016	<u>77</u>	<u>77</u>
At 31 March 2015	<u>493</u>	<u>493</u>

<b>17. Investments</b>	<b>Subsidiary undertakings £</b>
<b>Charity</b>	
<b>Cost and net book value</b>	
At 1 April 2015 and 31 March 2016	<u>200</u>

Details of the subsidiary undertakings are set out below:

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

<b>18. Debtors</b>	<b>2016 Group £</b>	<b>2015 Group £</b>	<b>2016 Charity £</b>	<b>2015 Charity £</b>
Amounts owed by group undertakings	-	-	92,179	120,181
Trade debtors	40,074	91,482	36,113	82,226
Other debtors	62,773	10,143	62,113	8,040
	<u>102,847</u>	<u>101,625</u>	<u>190,405</u>	<u>210,447</u>

**BLUE MARINE FOUNDATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 March 2016**

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<b>19. Creditors: amounts falling due within one year</b>	<b>2016 Group</b>	<b>2015 Group</b>	<b>2016 Charity</b>	<b>2015 Charity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	49,104	-	49,104	-
Accruals	100,297	32,044	96,897	28,644
Other creditors	24,802	26,021	23,115	22,900
	<u>174,203</u>	<u>58,065</u>	<u>169,116</u>	<u>51,544</u>

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<b>20. Creditors: amounts falling due after one year</b>	<b>2016 Group</b>	<b>2015 Group</b>	<b>2016 Charity</b>	<b>2015 Charity</b>
Accruals	-	10,000	-	10,000
	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>

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**21. Operating lease commitments**

As at 31 March 2016 the entity has total future minimum lease payments under non-cancellable operating leases as follows:

Operating leases which expire:

	<b>2016 £</b>	<b>2015 £</b>
Within two and five years	<u>£9,201</u>	<u>£4,546</u>

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## **BLUE MARINE FOUNDATION**

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

**Year ended 31 March 2016**

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#### **22. Related party transactions**

Other creditors include £1,687 (2015 - £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.

Fauna & Flora International, a registered charity of which M Rose is Chief Executive Officer, provided the services of a marine project officer to the value of £Nil (2015 - £10,416).

Appleby Consultancy Services Limited, a company of which T P S Appleby is a director, provided consultancy services of £1,750 (2015 - £5,035). At the year end, the amount owed to Appleby Consultancy Services Limited was £Nil (2015 - £1,750).

Rawlinson & Hunter, a partnership in which D C Davies is a partner, provided accounting services to the charity and its subsidiary amounting to £5,299 (2015 - £11,569). At the year end, the amount due to Rawlinson & Hunter was £nil (2015 - £3,025).

Trifolia Limited, a company of which C R H Clover is a director, provided consultancy and project development services amounting to £100,363 (2015 - £141,628). At the year end, the amount due to Trifolia Limited was £nil (2015 - £12,950).

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 2016 there were three (2015 – three) members.

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#### **25. First-time adoption of SORP (FRS 102)**

The Charity has adopted the SORP (FRS 102) for the first time in the year ended 31 March 2016. The Trustees have reviewed the accounting policies and amended these where necessary for the effects of SORP (FRS 102) as at the date of transition (1 April 2014). With the exception of re-presenting website development expenditure with intangible assets and prospectively altering the amortisation period of goodwill arising on consolidation, there are no accounting policy changes resulting from the adoption of the new standard. There are no matters giving rise to material adjustment at the date of transition or for the comparative Consolidated Financial Statements.

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