

THE OCEAN CLEANUP

A large pile of green fishing nets and debris is being hoisted by a crane on a ship's deck. The nets are tangled and covered in marine life. A person wearing a cap and life vest is visible on the ship's deck in the background. The ocean is a deep blue, and the sky is clear.

ANNUAL REPORT
2015

THE OCEAN[®]
CLEANUP

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MANAGEMENT REPORT

WELCOME

Welcome to The Ocean Cleanup's 2015 Annual Report and Accounts.

2015 has been an incredible year of knowledge build-up. A year in which we have taken major steps towards achieving our ambitious goals

To begin with, we successfully conducted groundbreaking research into the ocean plastic problem. We also performed scale model testing of our concept at world-renowned marine institutes, and are now iterating our designs to reflect the results. In addition, we scaled up our team so we can successfully face the exciting challenges ahead.

We continue to rapidly upscale as we move ahead. This summer, we will deploy our prototype in the North Sea so we can test its operation in real-world conditions.

We made great progress in 2015, and this year promises to produce even more significant results.

OUR MISSION AND PLAN

The Ocean Cleanup designs and develops advanced technologies to rid the oceans of plastic. Our purpose is to drive the largest cleanup in history through the large-scale, efficient and environmentally-sound removal of plastic pollution from aquatic ecosystems.

Our key focal areas in seeking to achieve this mission are:

- Developing technologies for large-scale, passive and efficient removal of plastics from the oceans;
- Developing spin-off technologies to help mitigate the inflow of new plastics into the oceans;
- Raising awareness about the scale and urgency of the problem.

Our research indicates that a 100 km-long system, deployed for 10 years, will be able to clean up approximately half of the Great Pacific Garbage Patch. In short, the system works as follows:

- A V-shaped array of floating barriers will capture and concentrate the plastic deposited there by the natural ocean currents;
- Attached directly under the booms floating at the water's surface, a submerged non-permeable screen will capture and concentrate the plastic suspended under the surface;
- The scalable array of floating barriers will funnel the plastics towards the center of the structure, where a central platform will efficiently extract and store the plastic before it is shipped to shore for further processing.

Having demonstrated the theoretical feasibility of our concept (Phase 1 - Feasibility in 2014), we are currently moving through a series of upscaling tests, as part of multiple rapid technology iteration cycles (Phase 2 - Pilot). We aim to be ready to deploy and operate a large-scale array in the Great Pacific Garbage Patch (Phase 3 - Cleanup) by 2020.

1. MANAGEMENT REPORT



Artist impression of the Ocean Cleanup Array

We are currently in the Pilot Phase, which is divided into three sections:

- Phase 2A (Q1 2015 to Q3 2016), consisting of several scale model tests to develop the concept for initial marine deployment;
- Phase 2B (Q4 2016 to Q4 2017), the deployment and operation of a 2 km-long coastal pilot array; and
- Phase 2C (Q1 2018 to Q4 2019), the deployment and operation of an 8-10 km offshore array in deep waters. This will serve as the final stepping-stone before the deployment and operation of our first Pacific Ocean array.

Cleaning the ocean won't be easy. It will require the deployment of an offshore structure 100 times longer, and moored in waters 50% deeper, than anything ever deployed in the oceans. What's more, this needs to take place ten times further from land than the world's most remote oil rig.

Considering the technology's novelty and scale, success is not guaranteed. Working to achieve things never done before requires agility and the flexibility to adjust plans based on new insights. Rapid iteration cycles and flexible planning help us to manage and mitigate technological risk.

One major new addition to our planning is the deployment, in 2016, of a 100 meter-long prototype barrier in Dutch waters. This test deployment will enable us to identify potential structural design weaknesses in a 1:1 scale barrier sub-segment, and to address any weaknesses found.

We are very fortunate to have the backing of many thousands of supporters, and a handful of global philanthropists and companies, who have provided us with the financial firepower to achieve what we have so far. In the future The Ocean Cleanup aims to become at least partially self-sustaining, but for now we continue to rely on their support, and yours.

ENVIRONMENTAL IMPACT

Protecting the natural environment is at the heart of what we do. It is the driver behind our efforts to remove large amounts of plastic pollution from the world’s oceans. At every stage of our work, we actively seek to eliminate or reduce any environmental impact that the cleanup may have.

Our focus on minimizing impact on marine life is a key reason why our design involves a floating barrier with non-permeable screens hanging down into the water, rather than nets. No life can get entangled or caught by our barriers and screens. Unlike nets, the barriers will allow marine organisms and mammals to pass, along with the natural flow of the current underneath the barriers.

As we proceed through our upscaling pilot testing program, we will continue to intensively research the environmental impact of the cleanup. This will remain an integral part of our design process because we consider the need to avoid or mitigate unexpected negative effects on marine life a basic design requirement. During the pilot stage an independent institute will also be asked to conduct an Environmental Impact Report. A first impact study, conducted by Royal Haskoning DHV, has already been completed, and has concluded that the impact of our first prototype will have a “negligible” impact on the environment.



Albatross with plastic in its stomach.
Photo by Chris Jordan

INTERFERENCE WITH SHIPPING TRAFFIC

We are often asked whether the Pacific Array is likely to be damaged by oceangoing vessels.

While the array is large, it will cover a relatively small part of the ocean’s surface. It will be situated well clear of shipping lanes, so there is little chance it will be damaged by vessels. It will appear on nautical maps and be fitted with warning lights, AIS and radar deflectors. In the unlikely event the array is damaged by a collision, the barrier system’s modular design will enable us to repair it easily.

HIGHLIGHTS OF 2015

Over the past year, we have significantly deepened our scientific understanding of the marine plastic problem while improving our technology and strengthening our organization. We have made particularly strong progress in grasping the true dimensions of the ocean plastic problem and in moving our technology from the drawing board to a real, practical solution.



Warning notice about food safety due to marine pollution,
San Fransisco Bay



Volunteer vessel trawling during the Mega Expedition

UNDERSTANDING THE PROBLEM —
OCEAN PLASTIC RESEARCH

At The Ocean Cleanup, we know we can only solve the plastic pollution problem if we understand it in great detail.

Mega Expedition

To resolve many of the uncertainties surrounding the Great Pacific Garbage Patch, we gave our highest priority in 2015 to a series of research expeditions. These culminated in what we called the “Mega Expedition”, a 30-vessel research mission across the Garbage Patch.

At present, we believe the data gathered will answer many questions, including: How much plastic is currently in the oceans? How deep does the plastic go? What are the sizes of the plastic fragments present there? Where precisely is the plastic located, at what concentrations, and how does it move through the ocean? How persistent is the problem? What happens to the plastic over time? How contaminated is it with chemicals and pathogens? What is the optimal deployment location for the array?



Microplastic sample processing in the Ocean Plastic lab

During the voyage our teams conducted over 1,000 trawls and visual surveys, collecting approximately 1.5 million pieces of plastic. They also recovered thirteen entire “ghost nets” (entangled masses of discarded commercial fishing nets). A stunning total of 2.2 tons of plastic was hauled in, even though our only goal was to gather samples and record data.

Our lab team is currently analyzing the samples with the support of scientific research institutes around the world. Our initial assessment is that the amount of plastic present in the Great Pacific Garbage Patch is far higher than previously estimated. It seems that previous estimates undervalued the mass present in larger objects, which are not caught by the sampling tools (manta nets) normally used for such measurements. Larger objects account for most of the difference between others’ measurements and our own, and these objects comprise, by mass, the vast majority of the debris we observed.

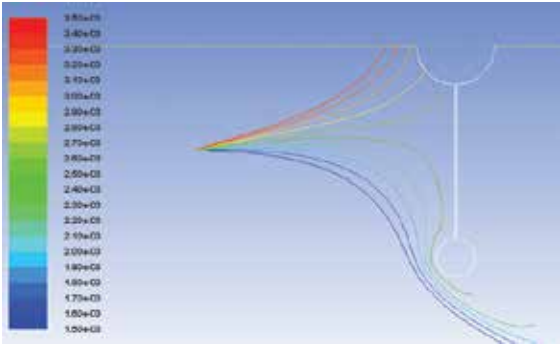
In the decades ahead, these large objects will fragment into a vastly larger number of microplastics, which are far more dangerous. This underlines the urgency of our project. We plan to publish our results in a series of peer-reviewed, open-access reports in 2016 and 2017.

Pacific plastic flow modeling
How much of this plastic will actually be captured by The Ocean Cleanup Array?

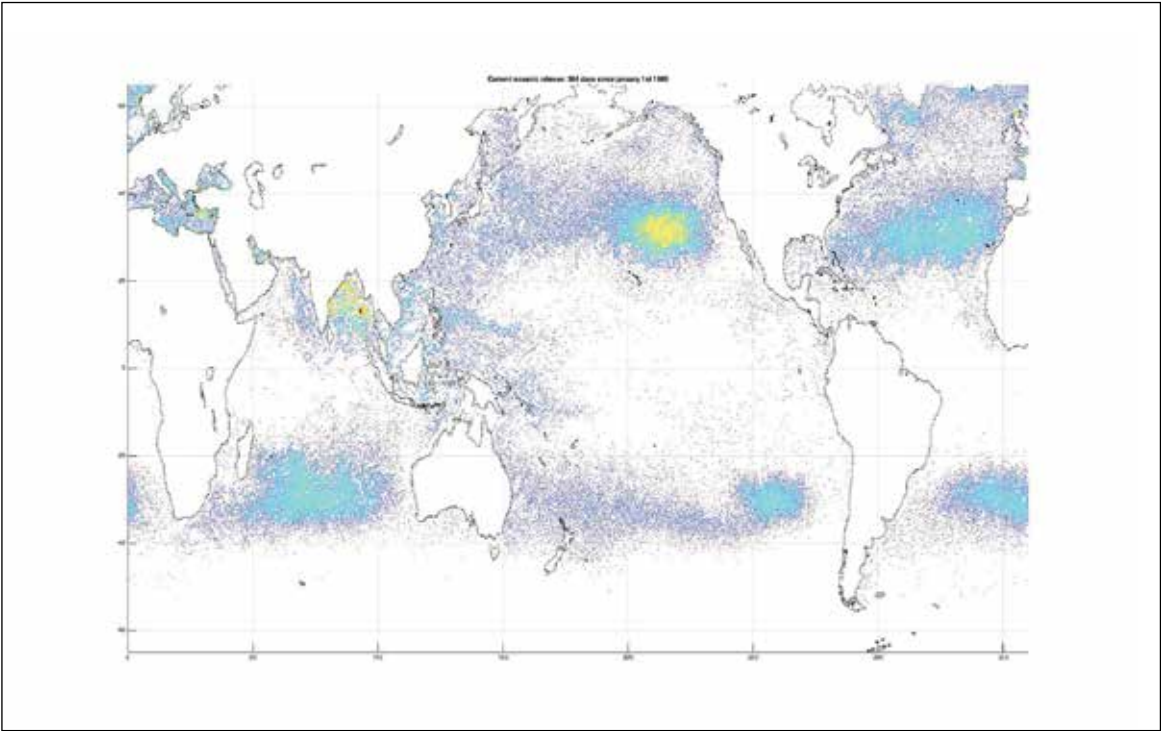
To answer that question, we have been designing advanced computer models that simulate the flow of plastic through the oceans and the interaction of plastic particles with various cleanup array configurations. Our models will enable us to refine our barrier design to account for factors such as current variability.

Thanks to our multi-scale computer models, our simulations can achieve great detail and precision. This will enable us to answer two vital questions, at macro and micro scale:

- What is the optimal location for the Ocean Cleanup Array?
- What is the optimal system design?



Microscale figure, cross section of the barrier showing dynamics of different sized plastic particles. (Red = largest, Blue = smallest)



Macroscale figure showing plastic influx and concentration



Scale model tests at the MARIN research institute

DEVELOPING OUR TECHNOLOGY
We know that great leaps in technology are frequently the product of rapid iteration cycles. The aim of our testing is not to validate output, but to create input. In other words, we test to learn, not to prove ourselves right.

In the latter half of 2015, we completed a series of scale model tests at the world-renowned Deltares and MARIN research institutes.

These tests established that the capture efficiency of the boom is (even) greater than we had initially expected, and indicated that waves put lower loads on the boom than we had assumed. These results bring a more cost-effective Pacific Array within reach, because they allow us to reduce the number and size of the system's mooring points.

Results have now been incorporated into the latest design, which will be put to the test in the Dutch North Sea from June 2016 onwards.



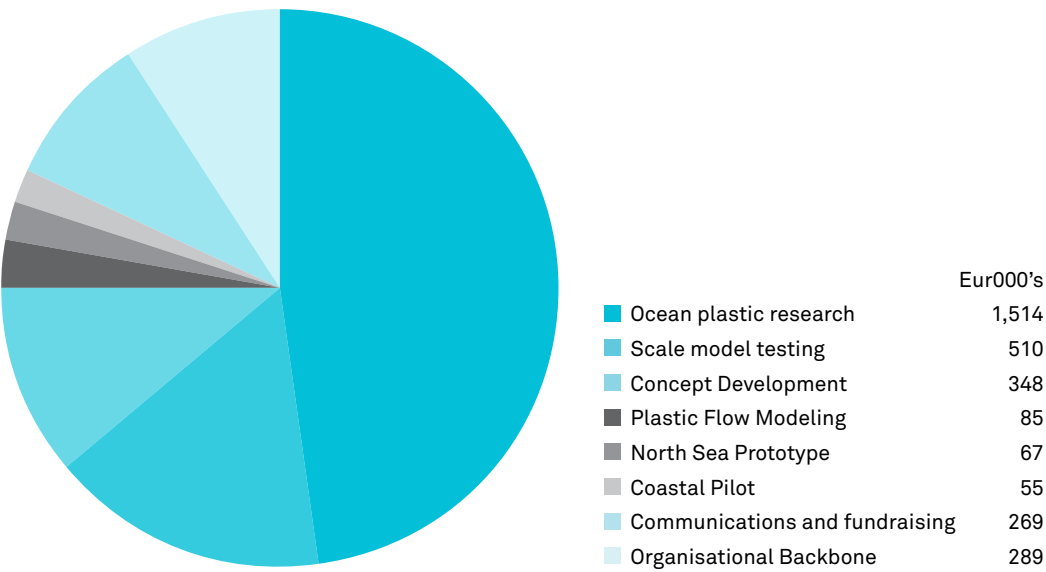
A section of the barrier subjected to 2D tests at Deltares

FINANCIAL PERFORMANCE

Because The Ocean Cleanup is a project-driven organization, funding levels need to support project and overall program budgets, which may move forwards or backwards in time. Rather than following a calculation down from available annual organization-level budgets, our management approach is rather to raise funding required for budgeted project development based on overall program and specific project funding needs, in the context of developing technology, the latest lessons learned and up-to-date insights.

In 2015, the organization's total costs for the year were EUR 3.1 million. Of this, almost half (EUR 1.5 million) was spent on our ocean plastic research projects. Scale model testing (including the engineering hours associated with the technology iterations) accounted for a further EUR 510,000 (16% of total costs), and concept development for the Ocean Cleanup Array and spin-off technologies, a further EUR 348,000 (11% of total costs).

2015 SPENDING BY MAJOR COST AREA
EUR000'S



The organization also spent EUR 269,000 (9% of total costs) on communication, raising awareness of the ocean plastic problem and communicating about our progress. We also used our communication power to position The Ocean Cleanup as an attractive employer to top-tier talent, a growing number of whom are needed to fulfill our mission. EUR 289,000 (9%) was spent on our organizational backbone.

Our budget for 2015 included significant projected hardware spending for our Coastal Pilot deployment, which has been delayed until 2017 to allow for further technology iterations and risk-mitigation. Our spending on ocean plastic research (EUR 1.5 million), was under budget and within the expected range of EUR 0.8 - 2.2 million. Other major costs also remained at or under budgeted levels.



Artist impression of the Coastal Pilot Array

THE PLAN FOR 2016

By the end of 2016, we aim to have reduced technical risks to such a level that we can commission the manufacturing of the first ocean cleanup system (the 2 km Coastal Pilot Array), which is now scheduled for deployment in 2017.

To get there, our engineering project teams are focusing in particular on the barrier and station-keeping subsystems and are making the transition to open water.

Further scale model testing at the MARIN basin is planned, and the research plan has been expanded to include the North Sea Prototype test (deploying a 100 m barrier segment off the Dutch coast) and station-keeping R&D.

Meanwhile, our marine plastic lab will publish a peer-reviewed report based on its analysis of the samples gathered during the Mega Expedition. We are planning to conduct additional measurements, specifically aimed at the abundance of larger floating accumulations of plastic, the so-called mega debris which includes ghost nets.

In 2016 we expect to finalize and report on our scientific flow models which use wind, current, and wave patterns to calculate the location density of plastic in the Pacific. These flow models will help us determine the optimal location and design of the array.

As noted earlier, we are a project-driven organization where annual budgets are less valuable management steering tools than individual project and overall program budgets and plans.

For 2016, we expect to incur total costs of EUR 7.8 million (EUR 6.2 m net of expected in-kind contributions). Almost all of our spending is on a project basis and is dependent upon developments in our technology and overall planning. As such, actual costs are likely to differ from the projected level. All projects are budgeted in detail before they are given the go-ahead, and all financial commitments are made in the light of available funding sources.



Capturing a ghostnet aboard the Mega Expedition mothership R/V Ocean Starr

GOVERNANCE AND STAFFING

Our success depends upon our working with the brightest minds in a wide array of professions, from engineering to marine biology. Over the past year, our operational team expanded from 5 to 20 staff, who worked alongside a team of volunteers numbering approximately one hundred. Further staffing growth is foreseen for 2016.

As well as taking care to hire exceptional people, we continue to work closely with leading offshore engineering and research institutes to ensure access to new ideas and constructive challenge. Collaborating with them means we can make use of their hard-to-find and specialized skills without financially overburdening ourselves long-term.

In 2015 we introduced a Supervisory Board structure to oversee the activities of the management team. The Board meets regularly, ensuring that the organization remains true to its mission, both in the broadest sense and in terms of the management team's funding, strategic and operational plans, and its execution.

A NOTE OF THANKS

We are very fortunate to have several major donors and many supporters, who have generously provided The Ocean Cleanup with both funding and advice. Among these are philanthropists such as Marc Benioff, charitable organizations like Adessium Foundation, and corporations including Microsoft, SBM Offshore, Boskalis and Van der Vorm Vastgoed. A handful of prominent funders wish for their generosity to remain anonymous. We respect and admire this, and yet would like to formally express our appreciation of their support.

We are proud to have received the endorsement this year of the Ocean Elders – a prominent group of ocean experts and philanthropists.

The Ocean Cleanup's work was recognized with awards from several world-renowned design and innovation centers in 2015. The honors bestowed on us include the INDEX: Design To Improve Life award, London Design Museum's Design of the Year and the Fast Company prize for Innovation by Design award. In addition, Boyan Slat has been recognized as one of Foreign Policy's Global Thinkers and Forbes' 30 under 30. He also won the Nor-Shipping Young Entrepreneur award. We are humbled by the attention, which enhances our drive to deliver.

We would also like to thank our critics, whose commentary and ideas we respect and take seriously. In providing feedback you ensure we remain focused and sharp in our thinking, helping us to achieve our goal.

Finally, and most of all, we would like to thank the many thousands of individuals whose support, financial and otherwise, is creating the conditions that can make our cleanup a success.

Thank you all for being part of our mission to rid the oceans of plastic.

REPORT OF THE SUPERVISORY BOARD

In 2015, The Ocean Cleanup ('TOC') changed its governance structure, adopting a two-tier Board model. Henceforward, TOC's executive/management responsibilities and duties were separated from supervisory responsibilities and duties. On 17 July 2015, a Supervisory Board was in place. The Supervisory Board ('SB') is responsible for:

- supervising TOC's management (i.e. the Statutory Director and the members of the Management Team selected and appointed by the Statutory Director) and TOC's general affairs and all related activities;
- acting as a sounding board and advisor to TOC's management;
- acting as the employer of TOC's Statutory Director.

The SB has no managerial responsibilities other than acting as the employer of TOC's Statutory Director. The SB is responsible for the quality of its own performance.

In consultation with management, the SB decided to start its work with the statutory minimum of 3 members, and to *i.a.* keep the chair position vacant. TOC is working on a global mission; in the course of 2016 and 2017 we intend to find people with global experience and the right profile to fill the remaining positions on the SB. For now the most important expertise has been secured: technology (Frederik Gerner), funding & finance (Evert Greup) and project management (Frans Ratelband). All of the members were involved as volunteers with The Ocean Cleanup long before they were appointed, so there was no need for 'catch-up' with the development of TOC.

After installation, the Supervisory Board held 2 formal meetings (with management present), one informal meeting (without management), and interacted with management and employees on numerous occasions.

The most important subjects reviewed were: the status of bigger projects (Mega Expedition, scale model tests), funding, financial forecasts, risk analysis, remuneration, and intended partnerships; the SB appointed an external auditor and approved the remuneration policy, the Annual Plan for 2016 and several specific expenditures.

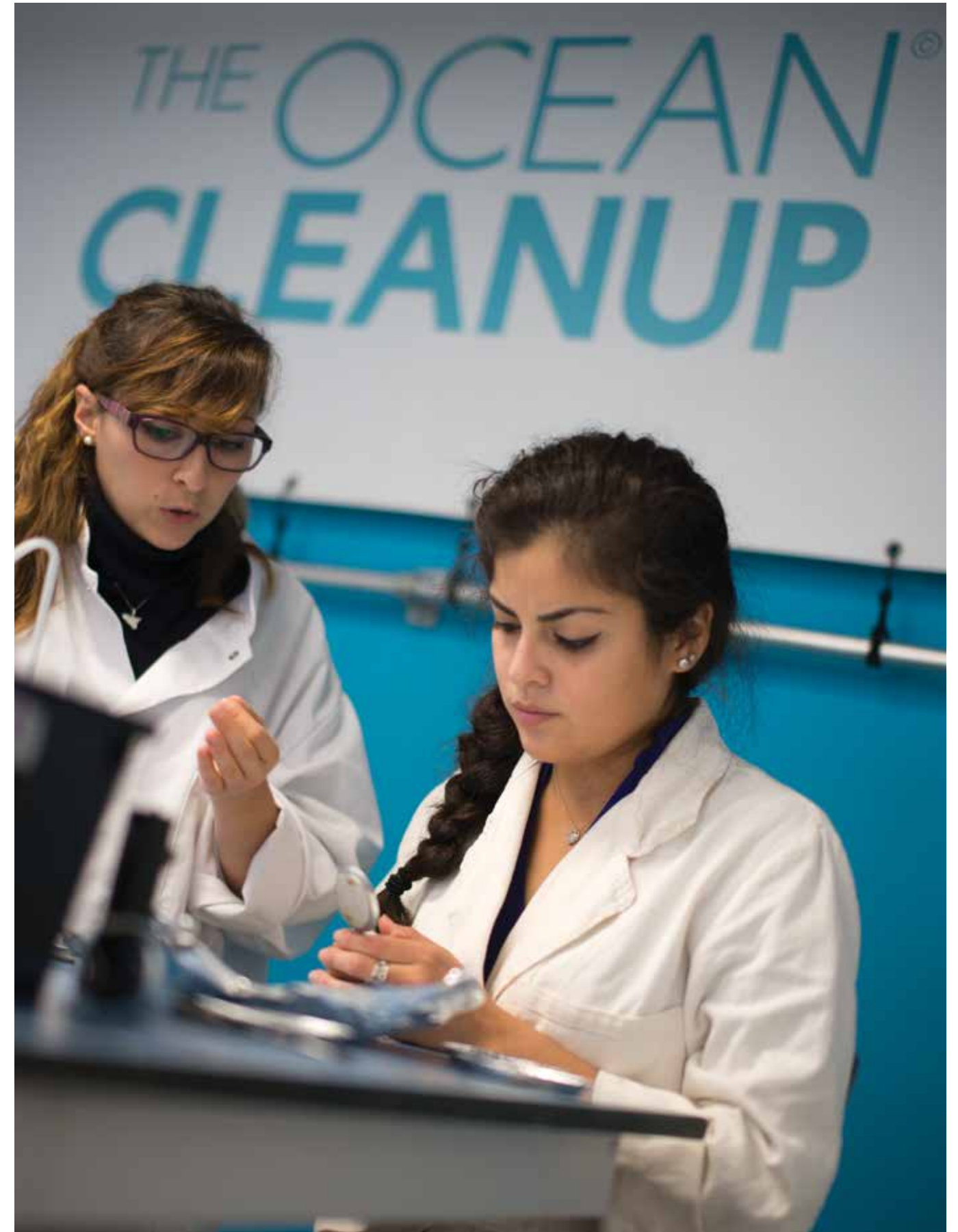
During this start-up phase, all spending on single items/projects above €50,000 requires the approval of the Supervisory Board. Single items within the scope of the Annual Plan are generally decided upon through electronic mail, so as to speed up the process. All such expenditures require unanimous approval. Since the outset, the SB has taken current cash balance and foreseeable incoming donations into account whenever considering major expenditures. TOC holds no investments and does not intend to invest available cash. All available funds are generally spent within one year.

The SB would like to express its sincere gratitude to:

- the donors – those who have contributed money as well as payment in kind – who are making it possible for us to continue working towards TOC's ambitious goals;
- the volunteers who are selflessly contributing their time and hard work;
- the employees who work tirelessly to meet generally unrealistic deadlines;
- and the management, including founder Boyan Slat, who seem to be able to live without sleep.

The Supervisory Board

Frederik Gerner
Evert Greup
Frans Ratelband



Members of the oceanographic team analyzing plastic samples in our Ocean Plastic Lab.

FINANCIAL STATEMENTS

3.1 BALANCE SHEET

Assets				
Eur000's	Note		2015	2014
Fixed Assets	1	Tangible fixed assets	206.7	4.5
Fixed Assets Total			206.7	4.5
Short Term Receivables		Debtors	18.2	-
	2	Tax receivables	50.4	11.3
		Other receivables and accrued assets	25.9	19.3
Short Term Receivables Total			94.5	30.6
Cash	3	Cash	1,444.3	1,718.3
			1,444.3	1,718.3
Total assets			1,745.5	1,753.4

Liabilities				
Eur000's	Note		2015	2014
Fund capital	4	General Reserve	58.7	58.7
Fund capital Total			58.7	58.7
Short Term Liabilities	5	Donations received and not yet committed - general accrual	1,344.6	1,679.1
	6	Donations received and not yet committed - dedicated accrual	215.1	-
		Creditors	49.9	1.1
	7	Tax and social security amounts payable	22.1	9.1
	8	Other liabilities and accrued expenses	55.1	5.4
Short Term Liabilities Total			1,686.8	1,694.7
Total Liabilities			1,745.5	1,753.4

3. FINANCIAL STATEMENTS

3.2 STATEMENT OF INCOME AND EXPENSES

Income				
Eur000's	Note		2015	2014
		Cash donations	2,290.3	1,944.0
		Donations In Kind	693.9	23.1
		Reimbursements	33.3	11.8
	9	Movements in accrued liabilities - donations received and not yet committed	119.4	(1,679.1)
Income total			3,136.9	299.8

Expenses				
Eur000's	Note		2015	2014
	10	Human Resources	1,007.1	127.2
		Charters of vessels and crew	835.2	-
	11	Third party research, engineering and testing facility costs	454.1	15.2
		Trawling equipment for marine research	211.8	-
	12	Multimedia communications and public relations	122.5	66.4
		Travel and accommodation	119.1	35.9
		Transport and storage	114.5	7.3
	13	Depreciation charge	106.9	0.9
		Other project costs	51.9	14.1
	14	Financial income and expenses	(35.4)	(3.0)
	15	Other non-project costs	149.2	36.0
Total expenses			3,136.9	299.8

Result			-	-
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3.3 NOTES TO THE FINANCIAL STATEMENTS

General

The annual accounts have been drawn up in accordance with Standard 640 ‘Nonprofit organizations’.

Founding and activities

Stichting The Ocean Cleanup was incorporated on February 15, 2013 and has its registered office in The Hague. Stichting The Ocean Cleanup is registered at the Chamber of Commerce under the number 57262632. Stichting The Ocean Cleanup is a non-profit organization.

The objects of the Foundation are to:

- a develop and apply technologies (directly as well as indirectly) to remove plastic pollution from the oceans/ seas on a large scale;
- b develop and apply technologies (directly as well as indirectly) to remove plastic pollution from waste streams on a smaller scale, to prevent it from reaching the oceans/seas;
- c increase social awareness of the pollution of the marine environment by plastic,

and other acts and things which in the broadest sense relate or may be conducive to the aforesaid objects.

Translation of foreign currency

Accounts in USD or other foreign currency are translated at the exchange rate prevailing at balance sheet date.

ACCOUNTING POLICIES IN RESPECT OF THE VALUATION OF ASSETS AND LIABILITIES

General

The financial statements are prepared in Euros, and reported in thousands. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation and, if applicable, impairments. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, taking into account any residual value. Depreciation starts at the moment of commissioning.

Accounts receivable

Accounts receivable are stated at face value less a provision for bad debts, as required.

Equity

The reserves are at the free disposal of the management of Stichting The Ocean Cleanup.

ACCOUNTING POLICIES IN RESPECT OF RESULT DETERMINATION

General

Income and expenses are accounted for on accrual basis. Income is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Income

The revenues in the Statement of Income and Expenses are the donations received from individuals and businesses. An accrual is taken at the end of the year for donations received which are intended to cover future costs.

EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL EXPENSES

Costs of subcontracted work and other external costs are allocated to the period concerned.

Depreciation

Depreciation of fixed assets is based on an estimate of their useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Book profits and losses upon disposal of a business asset are included in depreciation.

Other operating expenses

Costs are taken into account under the historical cost convention and allocated to the period concerned.

Net financial result

Interest income and expenses consist of interest received from or paid to third parties.

Wages, salaries and social security charges

Stichting The Ocean Cleanup does not have a pension scheme for its employees. The employees are responsible themselves for taking out a pension scheme.

Budget

In accordance with RJ 640.204 the organization has to publish the budget of the actual year including an explanation of the major differences between budget and actual income and costs. Because The Ocean Cleanup is a project-driven organization, the key management steering tools are project and overall program budgets, which may move forwards or backward in time, rather than annual organization-wide budgets. These project and program budgets are aligned with available funding and driven by developments in technology, assessments of risk and overall planning. As such, we do not provide a comparison of actual results for the financial year to budgeted results at an organization level.

3.4 NOTES TO THE BALANCE SHEET

1 - Tangible Fixed Assets				
Eur000's		2015	2014	
Opening balance	Tangible fixed assets		4.5	3.4
Investments in fixed assets during the year	Office and facilities	229.0	2.0	
	Ocean plastic research laboratory	32.4	-	
	Ocean plastic research equipment	47.7	-	
Total Investments in fixed assets			309.1	2.0
Depreciation charge for the year	Office and facilities	38.9	0.9	
	Ocean plastic research laboratory	20.3	-	
	Ocean plastic research equipment	47.7	-	
Total Depreciation charge			106.9	0.9
Closing balance			206.7	4.5
Purchase value	Office and facilities	234.6	5.9	
	Ocean plastic research laboratory	32.4	-	
	Ocean plastic research equipment	47.7	-	
Purchase value of tangible fixed assets			314.7	5.9
Accumulated depreciation	Office and facilities	40.0	1.4	
	Ocean plastic research laboratory	20.3	-	
	Ocean plastic research equipment	47.7	-	
Total Accumulated Depreciation			108.0	1.4
Closing balance			206.7	4.5

Fixed assets are depreciated over what we estimate to be their useful economic lives. Impairments are registered fully once identified.

2 - Tax Receivables			
Eur000's		2015	2014
Value Added Tax		50.4	11.3
Other Taxes		-	-
		50.4	11.3

3 - Cash at bank			
Eur000's		2015	2014
Euro dominated cash		1,081.1	1,402.4
USD dominated cash		363.2	315.9
		1,444.3	1,718.3

Cash is freely available to the Stichting.

4 - Fund Capital				
Eur000's		2015	2014	
General Reserve	Opening Balance	58.7	58.7	
	Allocated results current year	-	-	
Total General Reserve		58.7	58.7	
		58.7	58.7	

5 - Donations received and not yet committed - General accrual				
Eur000's		2015	2014	
General accrual	Opening Balance	1,679.1	-	
	Donations received	2,760.2	1,978.9	
	Used for general projects	(3,094.6)	(299.8)	
		1,344.6	1,679.1	

General donations received during the year and not yet committed are treated as an accrual for future expenses

6 - Donations received and not yet committed - Dedicated accrual				
Eur000's		2015	2014	
Office IT hardware	Opening Balance	-	-	
	Donations received	156.4	-	
	Depreciation Office IT hardware	(26.1)	-	
Total accrual for future office IT hardware costs		130.3	-	
Office IT software	Opening Balance	-	-	
	Donations received	101.0	-	
	Spend on Office IT software	(16.3)	-	
Total accrual for future office IT software costs		84.7	-	
		215.1	-	

Dedicated donations received during the year (either in cash or in kind) and either capitalized and retaining useful economic life or cash amounts not yet committed are treated as accruals for future expenses.

During the year Microsoft donated IT hardware with a value of Eur156,000, and an amount of Eur101,000 to pay the cost of associated software licences. These donations are treated as accrued liabilities, reduced by a charge equivalent to the depreciation of the IT fixed asset, or by spending on licenses, respectively.

7 - Tax and social security amounts payable			
Eur000's		2015	2014
Payroll tax		22.1	9.1
Other taxes		-	-
		22.1	9.1

8 - Other liabilities and accrued expenses			
Eur000's		2015	2014
Staff holiday allowance		23.1	1.8
Accrued expenses		24.9	3.6
Invoices to be received		7.0	-
		55.1	5.4

3.5 NOTES TO THE STATEMENT OF INCOME AND EXPENSES

9 - Movements in accrued liabilities - donations received and not yet committed				
Eur000's		2015	2014	
Donations received and not yet committed - general		334.4	(1,679.1)	
Donations received and not yet committed - dedicated	Office IT hardware	(130.3)	-	
	Office IT software	(84.7)	-	
		119.4	(1,679.1)	

10 - Human resources			
Eur000's		2015	2014
Staff costs - payroll		509.1	53.0
Tax and social security payments		76.1	9.2
External staff costs		403.5	59.8
Other HR Costs		18.4	5.2
		1,007.1	127.2

During the year the average number of full time employee equivalents on the payroll was 15 (2014, 2).

11 - Third party research, engineering and testing facility costs			
Eur000's		2015	2014
Research and testing facility costs		353.3	15.2
Computational modeling		54.5	-
Engineering		39.0	-
Assembling		0.7	-
Maritime legal research		6.6	-
		454.1	15.2

12 - Multimedia communications and public relations		
Eur000's	2015	2014
Multimedia production	30.0	-
Merchandising	27.3	-
Printing and graphic design	17.8	-
Other public relations and communications costs	47.3	66.4
	122.5	66.4

13 - Depreciation		
Eur000's	2015	2014
Depreciation charge - office and facilities	38.9	0.9
Depreciation charge - ocean plastic research laboratory	20.3	-
Depreciation charge - ocean plastic research equipment	47.7	-
	106.9	0.9

Assets are depreciated based on our assessment of their useful economic life. A full year's depreciation charge is taken for ocean plastic research equipment acquired for the Mega Expedition

14 - Financial income and expenses		
Eur000's	2015	2014
Banking charges	5.8	32.7
Interest received	(6.6)	(3.9)
Foreign exchange differences	(34.1)	(32.0)
Other financial income	(0.5)	0.1
	(35.4)	(3.0)

15 - Other non-project costs		
Eur000's	2015	2014
Housing	61.4	4.0
IT	35.1	2.8
Insurance, health and safety	22.7	0.4
Consultancy fees	15.8	22.9
Other general costs	14.2	5.9
	149.2	36.0



Mega Expedition - crew aboard mothership M/V Ocean Starr

INDEPENDENT AUDITOR'S REPORT

The Management Board of The Ocean Cleanup,
Delft, The Netherlands

We have audited the accompanying financial statements 2015 of The Ocean Cleanup, Delft, The Netherlands, which comprise the balance sheet as at 31 December 2015, the Statement of income and expenditure for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

The board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with generally accepted accounting principles, as stated in the annual accounts. Furthermore the board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION WITH RESPECT TO THE FINANCIAL STATEMENTS

In our opinion, the financial statements give a true and fair view of the financial position of The Ocean Cleanup as at 31 December 2015 and of its result for the year then ended in accordance with generally accepted accounting principles as stated in the annual accounts.

Rotterdam, 4 May 2016

MAZARS PAARDEKOOPER HOFFMAN N.V.

drs. S. Boomman RA



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