

The Sea Fish Industry Authority

ANNUAL REPORT & ACCOUNTS 2010/2011

**Presented to Parliament pursuant to
section 11 (6) of the Fisheries Act 1981**

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June 2012

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2011

History and statutory background

The Sea Fish Industry Authority (Seafish) was established under the Fisheries Act 1981. Under the provisions of the Act all rights, obligations and property of the White Fish Authority and the Herring Industry Board became rights, obligations and property of the Sea Fish Industry Authority. The White Fish Authority and the Herring Industry Board ceased to exist on 1 October 1981.

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs, the Cabinet Secretary for Rural Affairs and the Environment (Scotland), the Minister for Rural Affairs (Wales) and the Secretary of State for Northern Ireland ('the Ministers') with the consent of Treasury and in accordance with Section 11 of the Fisheries Act 1981 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004.

Principal activities

The main activities of Seafish are unchanged since its establishment on 1 October 1981, these activities being:

- (a) to promote efficiency in the UK seafood industry including the marketing and consumption of sea fish and sea fish products in the United Kingdom;
- (b) to provide or assist in the provision of training; and
- (c) to carry out and give advice on research and development in respect of any matters relating to the sea fish industry.

Although Seafish has the role of administering financial assistance to the fishing industry under the terms of the Fisheries Act 1981, the facility to make loan arrangements does not presently exist.

Business review and future developments

The statement of comprehensive net income after taxation is set out on page 28 of the accounts. The comprehensive net income for the year, after taxation, amounted to £14,789k (2010 net expenditure £5,676k).

A detailed Management Commentary is set out at pages 9 to 17. The Management Commentary contains a financial review of the activities undertaken by Seafish during 2010/2011 and information on future developments.

Political and charitable donations

Seafish did not make any donations towards charitable or political purposes during the year.

Recent background – Supreme Court judgment

In early 2009, Seafish was subject to challenge in the High Court when Bloomsbury International Ltd and others made a claim in the High Court that the levy raising powers conferred on Seafish by the Fisheries Act 1981 did not entitle Seafish to raise levies on imported sea fish and sea fish products.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2011

In July 2009 the High Court ruled in Seafish's favour – that it could continue to raise levies on imported seafood. The companies then appealed to the Court of Appeal, which upheld the appeal in March 2010, agreeing, that it was unlawful for Seafish to raise levies on imported sea fish and sea fish products.

The Supreme Court then granted DEFRA leave to appeal against this in March 2010 and the final judgment was handed down on 15 June 2011. This judgment has upheld the original ruling that Seafish levy collection from imported sea fish and sea fish products is legal and always has been legal.

However, as a result of the Court of Appeal's March 2010 judgment, Seafish was for a period of time until the Supreme Court outcome unable to collect levy on imported fish and fish products, an amount of income totalling around £6m per annum. This created an uncertainty over Seafish's future and has been the reason that the finalising of these accounts has been subject to such a delay.

Disabled persons

Seafish operates an equal opportunities policy and treats all job applicants in the same way regardless of their disability. If an employee becomes disabled during employment, all practical efforts will be made to enable them to continue in their employment.

Sickness absence

We have one common absence management policy which covers the whole of the organisation and provides a consistent framework approach to management. The policy is underpinned by an externally provided occupational health service and employee assistance programme which is available 24 hours a day. Our overall level of sickness absence during 2010/11 was 2 days per person.

Employee involvement

Seafish recognises the benefits of involving staff in a range of business matters and encourages open discussion and availability of information. Involvement is encouraged through participation in a range of team meetings, short-term working groups and the 'Seafish Forum'.

Payment of creditors

Seafish aims to comply with the Better Payments Practice Code. Seafish policy is to pay creditors' accounts by the due date specified under each creditor's terms of payment, unless under dispute. During the year ended 31 March 2011, an extensive sample of Seafish payments of creditors revealed that 56% were paid by the due date (2010: 89%). This reduced performance is entirely due to the financial constraints placed on Seafish as a result of the legal challenge referred to above.

Pension liabilities

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The WYPF scheme has a deficit at 31 March 2011 of £4,088k (2010 deficit - £15,962k). From 1 April 2006, the WYPF

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2011

scheme has not been offered to new members of staff. New starters now are offered a defined contribution scheme administered by the Legal & General Group. In addition to the WYPF, Seafish has a liability for a scheme on behalf of former Herring Industry Board employees, The Sea Fish Industry Pension and Life Assurance Fund (SPLAF). At 31 March 2011 the liability for SPLAF is £321k (2010 - £308k). Details for both schemes are shown at note 14 of the accounts.

Board members

There are 12 non-executive Board Members, appointed jointly by the Secretary of State for Environment, Food and Rural Affairs the Cabinet Secretary for Rural Affairs and the Environment (Scotland), the Minister for Rural Affairs (Wales) and the Secretary of State for Northern Ireland. Four Board Members are independent of the sea fish industry and the remaining eight members have expertise in and represent the interests of the sea fish industry.

Independent: Mr.J.S.Whitehead OBE
(Deputy Chair, appointed Interim Chair from July 2010)
Mr. C. Howeson (Chair, retired June 2010)
Prof. M. Kaiser
Mr. P.W. Kerr

Industry: Mrs. L. Cross
Mr. Q. Clark
Mr. I. M. MacSween OBE
Mr. O. Norgaard
Mr. M. Park
Mr. M. Parker
Mr. A. West MBE
Mr. J. Wilson
Mr C Pomfret (appointed 3rd December 2010)

A Register of Board Members' Interests details company directorships and other significant interests held by Board Members which may conflict with their responsibilities. The Register is available on the website (www.seafish.org), or by contacting Seafish.

Board meetings, which are properly conducted and minuted, are held regularly to ensure overall control over the operations of Seafish is exercised. The Chief Executive and three executive directors attend and participate fully in all board meetings.

Board members' responsibilities

The Board Members have adopted a Code of Practice, as recommended by Government, which covers all responsibilities including public service values, corporate responsibilities, strategic planning and control, handling conflicts of interest and annual report and accounts preparation.

The Chief Executive of Seafish, as Accounting Officer, is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004 and Fisheries Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Accounting Officer's Responsibilities.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

In preparing the accounts, the Board Members adopt an oversight role to ensure the accounts are prepared on an accruals basis, observe the accounts direction given by Ministers, apply suitable accounting policies on a consistent basis, make reasonable judgements and estimates and comply with all applicable accounting standards.

The Board Members also exercise oversight in ensuring the keeping of proper accounting records, which disclose with reasonable accuracy at any time the financial position of Seafish, safeguarding the assets of Seafish and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management

The management of Seafish comprised the following Executive Directors during 2010/11:

Mr. J. A. Rutherford (Chief Executive) Retired 30th September 2010
Dr P. Williams (Interim Chief Executive) Appointed 1st October 2010, (Research Director) until 30th September 2010
Dr. J. Harman (Development Director)
Mr. J. G. Campbell (Finance Director)

Mr J. A. Rutherford worked with Seafish from November 2001 and retired at the end of September, 2010. Dr. P Williams was promoted from Research Director to Interim Chief Executive with effect from October 2010.

Corporate governance

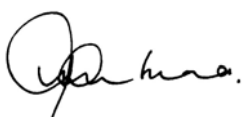
Seafish supports the highest standards in corporate governance and has in place a variety of Codes of Best Practice which are monitored by an Audit Committee and a Remuneration Committee.

The respective roles of Seafish and its sponsor department, the Department for the Environment, Food and Rural Affairs, are set out in an agreed Memorandum of Understanding.

The Audit Committee comprised four Board Members: Mr J. S. Whitehead (Chairman), Mrs. L. Cross, Mr. I. M. MacSween and Mr P.W. Kerr. The Accounting Officer (Chief Executive) and the Finance Director usually attend the meetings. Responsibilities of the Audit Committee include internal control and corporate governance, external audit, internal audit and monitoring compliance with statutory and other codes of practice. Meetings are held at least three times a year.

Auditors

The Comptroller and Auditor General is the external auditor for Seafish and the fee for the statutory audit work this year is £27k.



J S Whitehead – Chairman

1st June 2012



P Williams – Chief Executive

1st June 2012

MANAGEMENT COMMENTARY FOR THE YEAR ENDED 31ST MARCH 2011

Introduction

Seafish exists to develop and support a profitable and sustainable seafood industry. Our services range from research and development, economic consulting, market research and training and accreditation through to account management and legislative advice for the seafood industry. Our mission statement is 'supporting the seafood industry for a sustainable, profitable future'.

Seafish is an executive non-departmental public body, established under the 1981 Fisheries Act. It is funded primarily by a levy on the firsthand sale of sea fish, including shellfish, in the UK, but excluding anadromous species such as salmon and trout. Seafish is sponsored by the Department for Environment, Food and Rural Affairs (Defra), the Scottish Government (SG), the Welsh Assembly Government (WAG) and the Department of Agriculture and Rural Development in Northern Ireland (DARDNI).

Our annual income has been around £10 million in recent years (£11.2m in the year to March 2010), with approximately 80% of this obtained from levy and the remainder from grant funding and consultancy work.

Performance – 2010/11

Theme update 2010/2011 Annual Report

After extensive consultation with industry, the structure of Seafish was revised to reflect the core themes that we work on. The themes, as identified in our published document '*Serving the Seafood Industry 2010 – 2013*', are:

1. Information: supporting business decisions
2. Safety: creating a safer working environment at sea
3. Environment: protecting the environment at sea and on land
4. Regulation: understand, interpret and respond to legislation
5. Standards: supporting quality and efficiency standards
6. Consumers: becoming the authoritative voice on seafood
7. Health: promoting health benefits to consumers via experts

Despite the obvious constraints that the ongoing court case imposed on our plans, work continued and progress was made against all of the themes. During this period, Seafish delivered over £7m worth of value to industry on a substantially reduced EU and Other Income and collected Levy Income totalling £4.6m.

Updates from each theme are outlined below and key achievements information can be found on the Seafish website <http://www.seafish.org/about-seafish/our-achievements>.

Information: Key progress during 2010/2011

The aim of this theme is to respond to requests for information, identify information gaps and then provide industry with easy access to answers and expert insight in order for them to make improved business decisions.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

- A system and procedure to log enquiries was established, with 1,964 enquires received by the Seafish team from every sector of industry, as well regulators and consumers.
- 142 new publications were added to the Seafish website.
- 1,200 industry contacts subscribed to a new range of monthly and quarterly e-alerts.
- Market data and insight was well-used and is consistently highly regarded.
- A wide range of industry groups continued to meet and attendance increased. Groups include the Discard Action Group, Common Language Group, Aquaculture Common Issues Group, Importer's Forum, Consumer Expert Group.
- 2010 survey of the Seafood Processing Sector was produced and the draft report submitted to Government.
- Workshops were facilitated with producer organisations in north east Scotland.
- **The estimated benefit of work completed in the Information theme is £2.341m.**

Future plans for the Information theme

- The scope of the theme will be addressed and the matrix creation will be simplified.
- External networks will be used to ensure delivery of this theme.
- 'Seafish Science' will be established to facilitate the collection of data by industry to scientifically robust protocols.

Safety: Key progress during 2010/2011

Seafish is uniquely placed to reduce accidents and injuries at sea working in partnership with the fishing industry, the Maritime & Coastguard Agency and the Marine Accident and Investigation Branch of the Department for Transport.

This theme aims to create a safer working environment at sea and reduce the number of accidents and injuries suffered by fishermen by enhancing services provided by Seafish and reducing costs of this service to levy.

- Over the last year, through the Seafish network of training providers, almost 1,500 people in seafood processing businesses have achieved qualifications.
- 7,953 training places for were delivered to fishermen attending 970 courses. This figure represents over 12,300 days training..
- 1,500 fishermen undertook training towards the voluntary Seafish Under 16.5M Skippers Certificate.
- 1,700 fishermen subscribed to study online at our Seafish e-Academy.
- Two new training providers have been approved.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

- Four new basic courses have been developed in line with the requirements of the IMO Convention on the Standards of Training, Certification & Watchkeeping (STCW) 1995.
- **The estimated benefit of work completed in the Safety theme is £1.85m**

Future plans for the Safety theme:

- Set stretching targets for training of UK fishermen.
- Continued development the e-academy.
- Building stronger networks with our colleagues in Europe, in Government, at the fishermen's federations, maritime safety organisations and insurance companies.
- Access external sources of funding

Environment: Key progress during 2010/2011

The Environment theme has three main strands of work:

- Spatial protection (of existing and future fishing & cultivation grounds)
- Reducing the environmental impact of fishing, cultivation and onshore processing
- Reducing the impact of poor water quality on aquaculture

Spatial protection

This work has been driven by the need to safeguard existing and future fishing & cultivation grounds within the UK Government's and devolved administrations' marine planning and Marine Protected Areas (MPA) work under the UK and Scotland Marine Acts.

The work we have done has been in collaboration with industry and with many of the government bodies involved in marine planning. Much of our work has been to keep industry informed about legislation, how it will affect them and giving them tools to deal with it.

We have influenced marine planning and MPA policy and guidance by holding consultations, workshops and meetings and sending out regular communication to update industry on the latest developments. We have also formed a UK wide network of Fisheries Economists (UKFEN) to inform socio-economic aspects of marine planning and MPA work including impact assessments.

Our work with the Marine Management Organisation and Marine and Port Advisory Committee has influenced MPA site selection and first marine plans. Through working with Defra and industry groups, we have also influenced the management of existing and future MPAs.

Reducing the environmental impact of fishing, cultivation and processing

This work includes initiatives to improve the selectivity of fishing, reduce the adverse impact of cultivation and improve the efficiency of processing.

Work on reducing the environmental impact of fishing included courses held at the Hirtshal's flume tank in Denmark to help improve the efficiency and selectivity of fishing gear. Other projects have been supported working with the scallop sector, the tuna fishing sector and the shellfish sector. Seafish has also produced publications to educate fishermen about discards and the effects of fishing.

MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2011

To reduce the adverse impact of cultivation, we worked with shellfish farmers and the Shellfish Association of Great Britain. Through participating in industry groups and undertaking projects looking at the effect of Co2, we have helped to improve the efficiency of the seafood processing sector.

Reducing the impact of poor water quality on aquaculture

We worked with the 'Cleaner Seas Forum' to work with those responsible for polluting coastal waters. We also provided technical and management advice on how industry may mitigate for Natural and anthropogenic products found in the environment such as biotoxins and viruses, chemical contaminants (endocrine disruptors) and also human waste by-products.

The estimated benefit of work completed in the Environment theme is £1.2m.

Future plans for the Environment theme:

Targets should be widened to encompass and address the aquaculture sector and its issues and risks.

Regulation: Key progress during 2010/2011

Through the Regulation theme, Seafish aims to represent industry and facilitate dialogue with legislators and other food and drink industry bodies. The aim is to influence the regulatory process by providing regulators with data about industry's activities and fostering a legislative environment in which the seafood industry's views are considered and acted upon.

- A Memorandum of Understanding was established between Seafish and the Food & Drink Federation (FDF) to allow Seafish to provide seafood legislative expertise to FDF members with Seafish contributing to AIPCE Food Law Group.
- Continued cooperation with the Seafood Importers and Producers Alliance
- Worked with the European Mollusc Producers Association on behalf of the Shellfish Association of Great Britain.
- Created a monthly e-newsletter as part of improvements made to the Seafish forum Fish Legislation Expert Group (FLEG).
- Increased use of digital media to communicate with industry contacts.
- **The estimated benefit of work completed in the Regulation theme is £607k.**

Future plans for the Regulation theme:

- Expand membership of FLEG to include individual members as well as trade bodies.
- Develop a crisis planning module to brief industry on up and coming issues.
- Increase direct one-to-one contact with levy payers.
- Reduction in the number of government and competent authority personnel will increase perception in these organisations.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

Standards: Key progress during 2010/2011

The aim of this theme is to work with industry to develop new international standards and review existing international and local standards to ensure they are relevant and meaningful. Supporting industry's effort to eradicate Illegal, Unreported and Unregulated (IUU) fishing is also a priority.

- 17 new learner workbooks were delivered.
- 60 new standards were accredited.
- New proficiency qualification accredited at Level 2.
- Fish and shellfish apprenticeship programme was accredited.
- 1,443 qualifications were awarded.
- 16 seafood businesses attended Safe And Local Supplier Award (SALSA) workshops.
- 36 companies received support from Seafish towards British Retail Consortium (BRC)/SALSA accreditation.
- **The estimated benefit of work completed in the Standards theme is £477k.**

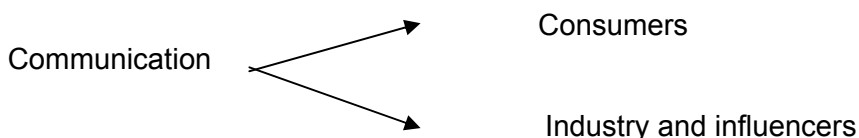
Future plans for the Standards theme:

- Consolidation and promotion of onshore training components.
- Expansion of Seafood Academy to support training delivery.
- Fundamental review of the Responsible Fishing Scheme and 10% increase in membership.
- Continue to support businesses through BRC/SALSA accreditation.
- Undertake feasibility study for the establishment of a Seafood Certification Network.

Consumer and Health themes: Key progress during 2010/2011

After working on Consumers and Health as two separate themes, it became clear that the audiences and aims of each were inextricably linked. Our research also showed that promoting the health messages about seafood did not result in consumers buying more or increasing their intake of seafood.

It was therefore decided that to make best use of resources, the two themes should be merged. The result was the Communication theme which targets the following audiences:



Progress to date

- The Consumer Expert Group has been established with 27 members representing major retailers, the foodservice sector and the processing sector. This steering group will guide Seafish in its work with consumers.
- A consumer promotion campaign targeting mums of young children is being planned.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

- Seafish continues to represent the industry as the authority on seafood in the public debate about the marine environment. Inaccurate and unfair representation of theseafood industry is constantly challenged by the media team. Since March 2010, the media team has dealt with more than 300 enquiries, with an estimated value of £278k. In addition, the team has actively responded to unbalanced articles with letters to the editor, online comments, rebuttal articles and opinion pieces.
- Seafish influenced the content of Channel 4 and Hugh Fearnley-Whittingstall's 'Fish Fight' campaign by working closely with and providing advice to the programme producers. We also kept industry informed via conference calls and emails and created a consumer website to cover the issues raised and host a blog from Seafish spokespeople. This work ensured that the reputation of the industry was protected during this high profile campaign.
- Seafish now has a new website and a strong digital and social media presence with a consumer friendly Facebook account with over 4,000 friends and a Twitter account.
- Seafish CEO, Paul Williams, has a LinkedIn account. A blog has been launched with Seafish experts commenting on relevant current issues in the media.
- Increased range of Responsible Sourcing Guides (32) and fact sheets (60) on issues affecting the seafood industry.
- National Fish & Chip Awards: This annual competition continues to celebrate the great British tradition that is fish and chips, and reward outstanding businesses across a variety of award categories. Media activity in relation to the Awards generates considerable publicity for the fish and chip sector and is undertaken throughout the year. A dedicated website has been created for the Awards and receives an average of 1,750 visitors per month. The project is supported via sponsorship from a variety of industry partners. Sponsorship income is approximately £100,000.
- **The estimated benefit of work completed in the Communication theme is £420k.**

Future plans for the Communication theme:

- Deliver an integrated and targeted consumer communication campaign to mums of young children focusing on a 'fish is easy' message.
- Begin new dialogue with influencers in the media and health professionals.
- Establish Seafish role in reputation management for industry

Financial position at 31 March 2011

Overview of the total comprehensive net income

The total comprehensive net income was £14.8m for the year, as opposed to net expenditure of £5.7m in the previous year. The main reason for this £20.6m improvement was an overall credit of £11.1m in respect of pensions (2010 debit of £7.2m). This pensions cost reduction was due to a change in the pensions liability linkage from RPI to CPI, £4.3m, a change in the financial and demographic assumptions, £2.4m, and experience gains in assets and liabilities of £4.6m.

Other factors affecting the net position were:-

MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2011

- staff costs reduced by £484k to £3m as a result of staff leaving or being made redundant. The average number of total staff employed reduced from 95 to 82.
- other expenditure was reduced by £2.5m to £2.8m, as a result of the curtailment of expenditure due to the legal challenge. This £2.5m reduction comprised: activity expenditure - £1.8m, professional fees - £330k, location costs - £133k, motor and travel - £152k, and training and recruitment - £64k.
- levy income was down by £864k to £7.9m, as a result of the change to the estimation methodology in calculating the levy debtors at 31st March 2010.

Employment costs

The Board takes professional advice from Aon Hewitt about the costs of providing final salary based pension benefits both to current and former staff as although the scheme was closed to new entrants in 2006 there is a long term liability for those employed before that date. The next triennial actuarial valuation of the Fund is as at 31 March 2013.

Working capital and solvency

We have been able to prepare the accounts on a going concern basis as a result of the positive Supreme Court judgement in June 2011. We have subsequently included all income due as at March 2011 in these accounts.

Current and future trends and developments

Seafood and business trends

In 2010/11 as the challenges facing the economy remain, the strong value growth enjoyed by the seafood market slowed to just 0.64%. In 2010 chilled value sales bounced back, out performing frozen, returning to the trend that has prevailed for the last two decades as a potential recovery looked possible. Prices of staple species, salmon, tuna and prawns strengthen due to brisk demand and limited supply, eased only by the weakening dollar. World supplies of whitefish continued to grow by 4.5% softening prices further. The UK whitefish supply has seen a significant shift from Iceland to Norway as a result of quota and access difficulties.

Indications for 2011/12 are that prices across the board will continue to firm for most core species as demand is restored, supply remains limited and raw material and other costs rise. Supplies of Atlantic cod are expected to exceed 1m tonnes for the first time in a decade and the industry needs to look to adding value to get the attention of price focused consumers. Meanwhile, Pangasius production is expected to be significantly reduced as the Vietnamese industry reorganises and fixes its minimum export prices.

Financial exposure

The Board has noted the reduction in pension liability shown in these accounts, which has fallen from £16.3m to £4.4m. The Board has taken steps to increase pension contributions above the minimum rate required by WYPF over the last five years and is confident it is taking prudent and proper action to mitigate further cash exposure to this continuing and complex liability. In taking this action the Board remains very aware that our corporate priority remains to invest levy income each year to benefit the entire industry.

The Board is aware of the extraordinary circumstances underlying the pension deficit, as it is based on asset values from the stock markets at one point in time and changing actuarial assumptions on the life expectancy of scheme members. Nevertheless, the impact of the pension deficit is considered regularly and in detail, and has been discussed openly with Defra as our lead

MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2011

sponsoring administration with responsibility for co-ordination with the other sponsoring UK fisheries administrations.

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk.

Seafish land and buildings constitutes our Edinburgh office. This was surveyed and valued by independent Chartered Surveyors as at March 2011 in accordance with the RICS Appraisal and Valuation Manual. The valuation then was £850k and this value is incorporated in these accounts.

Future strategic direction

Defra and the Devolved Fisheries Administrations have also now completed an informal 'Discussion' process which allowed the seafood industry to voice opinions as to the ongoing role and remit of Seafish. The results showed widespread support for Seafish to represent the industry and a general consensus that Seafish should continue to be funded through a levy. There was agreement that Seafish should align its operations more closely with industry and as such it will implement industry panels to review activities and budgets which could result in a review of levy in the future. Transparency and local engagement will become driving forces behind Seafish in the future and industry would like Seafish to prioritise safety and consumer issues within the wider work they undertake. To help support the organisation in achieving this a new Board will be in place from April 2012 with Operation Panels drawn from across industry following along shortly afterwards.

Risks and uncertainties

Risks remain even now that the Supreme Court has agreed the legality of levy on imports. Seafish has been collecting levy retrospectively for the period between Appeal and Supreme Court judgments.

However, it is clear that recent trading conditions have been difficult and some businesses within the industry are finding it tough. In situations where companies are facing financial difficulties Seafish has been working closely with them to ensure the required back levy is collected in a way that is amicable to both parties. The majority of back levy has now been collected mitigating this risk significantly.

Beyond the collection of levy, the legal challenge to Seafish has further emphasised the necessity of demonstrating the clear relevance of Seafish to both industry and government. This will continue to mean that Seafish has to find the right balance between government drivers for the existence of an NDPB, which revolve around market failure at the supply end of the industry, and the requirements of major levy payers, which focus on communications with the end consumer.

How well are we performing?

As previously noted, Seafish operations during 2011 were severely curtailed due to the financial constraints introduced as a consequence of the Appeal Court ruling in March 2010. The public crisis that Seafish has gone through has, however, led to interesting informal feedback from many levy payers and industry federations. There seems to be a level of agreement that the seafood industry needs a body like Seafish in order to be able to inform consumers on key issues, such as sustainability, in a way that is seen as being independent and authoritative, and which brings together the different industry sectors to react to issues. The key driver behind this, in the view of many in industry, is the level of continuing pressure coming from well-funded NGOs with an open commitment to reduce fishing activity internationally. That is not to say that all the claims of such organisations are wrong, but simply that many are, and that Seafish is in position as a pan-industry body, to correct misperceptions and to promote best practice and reform where required.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

It is also the case that Seafish is not yet perceived as performing these functions well enough. It will be important to fully engage key levy payers at the point when retrospective levy is being collected, to make sure that they see their concerns taken into account in defining the future direction of Seafish. We also intend to improve our communication processes going forward so that levy payers are more fully aware and advised of the way that their levy is actively used to the benefit of industry.

On behalf of the Board I'd like to express thanks to Seafish customers and staff for their support during this important period.



J S Whitehead – Chairman

1st June 2012



P Williams – Chief Executive

1st June 2012

REMUNERATION REPORT FOR THE YEAR ENDED 31ST MARCH 2011

The Remuneration Committee functions as a subcommittee of the Seafish Board with formal delegated responsibilities and terms of reference. The Committee's primary role is to contribute to the Board's overall process for ensuring adequate arrangements are in place regarding staff pay and benefits.

The Committee comprises four members, all of whom are non executive Board Members of Seafish and is chaired by the Deputy Chairman. Members during the year to 31 March 2011 were Mr J. S. Whitehead (Chairman), Mr Q. Clark, Mr M. Parker and Mr A West. Meetings are held not less than twice a year and minutes are taken at all meetings.

Seafish Executive Directors are employed on standard contracts of employment which are in line with all other employees except for notice periods where Seafish are required to give six months notice of termination of their employment. Executive Directors' remuneration is by way of a fixed annual salary, membership of defined benefit pension scheme and benefits in kind including car benefit, medical insurance and subscriptions.

Pay policy is formally reviewed annually by the Committee. In seeking to ensure pay and other conditions are fair, competitive and affordable, market data and other relevant data are taken into account. Like all other Seafish employees, the pay associated with Executive posts is derived from a formal job evaluation process, and pay increases are linked to performance. For a second consecutive year, given the continuing exceptional economic climate and the uncertainty arising from the legal challenge, the Board decided not to make any general pay award to staff.

In assessing individual performance, Seafish has a formal performance management system which is a core management process. It enables Seafish to: be clear and consistent in focusing performance on the delivery of strategic objectives; assess contribution and recognise achievement and support and inform personal development, career development and succession planning as well as provide for growth of knowledge, skills and experience.

Emoluments of board members

The remuneration relating to all Directors in post in 2010/11 is detailed in the tables below. The information in the tables below represents the part of the Remuneration Report to be audited, as referred to in the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament.

**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**
Non – executive Directors

The following table sets out details of payments made and appointment term details for the Chairman, Deputy Chairman and Non Executive Members:

Name and Title	2010-11	2009-10	Date of Appointment / Re-appointment	Appointment Ends
	Salary in £5k bands £000	Salary in £5k bands £000		
J S Whitehead OBE Chairman/Deputy Chairman *	45-50	20-25	1/4/09	13/4/12
Charles Howeson Chairman *	10-15 (FTE 50-55)	50-55	1/7/07	30/6/10
M Kaiser Deputy Chairman Independent Member	10-15	5-10	1/4/11	31/3/12
L Cross Industry Member	5-10	5-10	1/4/08	31/3/12
I M MacSween OBE Industry Member	5-10	5-10	1/7/10	31/12/11
O Norgaard Industry Member	5-10	5-10	1/5/09	30/4/12
M Park Industry Member	5-10	5-10	1/7/10	31/3/12
M Parker Industry Member	5-10	5-10	1/5/09	30/4/12
A West MBE Industry Member	5-10	5-10	1/4/09	30/4/12
C Pomfret Independent Member	0 – 5 (FTE 5-10)	-	3/12/10	31/3/12
Q Clark Industry Member	5-10	5-10	14/4/09	13/4/12
J Wilson Industry Member	5-10	5-10	14/4/09	13/4/12
P Kerr Independent Member	5-10	5-10	15/6/09	30/6/12

*Charles Howeson retired on 30th June 2010 and John Whitehead was appointed as interim chairman for a one year period. M Kaiser was appointed deputy chairman in December 2010.

Non-executive Directors receive no other benefits or benefits in kind from this appointment.

**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**
Executive Directors' Emoluments

Name and Title	2010-11		2009-10		Date of Contract Commencing	Contract Ended
	Salary in £5k bands £000	Benefits in Kind (rounded to the nearest £100) £000	Salary in £5k bands £000	Benefits in Kind (rounded to the nearest £100) £000		
P Williams Chief Executive/ Research Director	80-85	2.5	75-80	3.3	1/10/10	-
J Harman Development Director	75-80	7.7	75-80	7.7	2/1/03	-
J Campbell Finance Director	50-55	4.6	55-60	4.5	5/9/08	-
J Rutherford Chief Executive	50-55	3.5	105-110	6.7	1/2/01	30/9/10

Benefits in kind comprise car benefit, medical insurance and professional subscriptions.

Executive Directors' Pension Benefits

Name and Title	Real Increase in pension at age 60 (bands of £2,500) £000	Real Decrease in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2011 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2010 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Cash Equivalent Transfer Value at 31 March 2010 £000	Real Increase in Cash Equivalent Transfer Value £000
P Williams Chief Executive/ Research Director	0-2.5	0-2.5	5-10	10-15	126	103	20
J Harman Development Director	0-2.5	0-2.5	5-10	15-20	143	133	5
J Campbell Finance Director	0-2.5	0-2.5	0-2.5	5-10	47	48	2 decrease
J Rutherford Chief Executive	0-2.5	0-2.5	10-15	25-30	253***	230	16

*** J Rutherford took a lump sum payment on retirement on 30th September 2010 of £25,660. This lump sum is not included in the CETV as at 31st March 2011.

As Non-executive Directors do not receive pensionable remuneration, there are no entries in respect of pensions for Non-executive Directors.

**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

All executive directors are ordinary members of the West Yorkshire Pension Fund, a local government pension scheme of which Seafish is an admitted body as described at notes 1 and 14.



J S Whitehead – Chairman

1st June 2012



P Williams – Chief Executive

1st June 2012

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES FOR THE YEAR ENDED 31ST MARCH 2011

Under the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004, and Fisheries Ministers' directions made thereunder, the Secretary of State for Environment, Food and Rural Affairs, the Cabinet Secretary for Rural Affairs and the Environment (Scotland), the Minister for Rural Affairs (Wales) and the Secretary of State for Northern Ireland ('the Ministers') with the consent of Treasury have directed the Sea Fish Industry Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Sea Fish Industry Authority and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Ministers with the consent of Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis unless it is deemed inappropriate.

The Ministers have appointed the Chief Executive as Accounting Officer of the Sea Fish Industry Authority. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Sea Fish Industry Authority's assets, are set out in HMT guidance and in the Accounting Officers' Memorandum issued by the Ministers and published in a Memorandum of Understanding between the Ministers and the Sea Fish Industry Authority.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Comptroller and Auditor General is unaware and the Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the Comptroller and Auditor General is aware of that information.

STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDED 31ST MARCH 2011

Scope of responsibility

My predecessor, John A Rutherford, was Accounting Officer until 30th September 2010. I took over the role of Accounting Officer and its associated responsibilities from 1st October 2010. The Review of Effectiveness Section below details how I obtained assurances over 2010/11.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Seafish policies, aims and objectives, whilst safeguarding the public funds and Seafish assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Department for Environment, Food and Rural Affairs (Defra).

The relationship between Seafish, Defra and the devolved administrations is set out in a Memorandum of Understanding (MoU). By agreement, Defra takes the lead in overseeing Seafish activities on behalf of government and is responsible for compliance monitoring. Risk is not explicitly referred to within the MoU and therefore is treated consistently with all other government-facing accounting and reporting issues. The MoU "Relationship with Fisheries Departments" requires Seafish to communicate in general directly only with Defra who will consult with the other administrations as appropriate.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. As a result of the legal challenge, Seafish could not fully implement the work as previously identified in its Three Year Plan, and operated on a care and maintenance basis with all expenditure approved by an executive director. The system of internal control is therefore based on the processes in place designed to identify and prioritise the risks to Seafish, to evaluate the likelihood of those risks being materialised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Seafish for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance except for the absence of internal audit referred to below.

Seafish has in place a robust system of corporate governance and this underpins the internal control systems.

Capacity to handle risk

Seafish executive directors, under my direction, provide the strategic lead on risk management. A facilitated workshop for managers, executive directors and Board members led to the compilation of a Risk Register which established a more formal internal risk management review process, the output of which is reviewed annually by the Audit Committee. As Accounting Officer I have made it a priority to ensure that Board Members, executive directors and the management team are familiar with the concept of effective risk management.

The risk and control framework

Seafish has a Risk Management Strategy which formalises the principles of corporate governance adopted in identifying, assessing, addressing and reviewing and reporting our risks. Normally this would be done through:-

- formal bi-annual review of the Risk Register by the executive directors across the following areas: external; operational and compliance; and financial. The Risk Register is ranked in

**STATEMENT ON INTERNAL CONTROL (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

terms of probability and notes the consequences, controls, action plan and owner of each risk. The Risk Register is presented annually to the Audit Committee for review;

- the internal auditors' annual audit plan is submitted for Audit Committee approval, resulting in regular and independent internal control reviews and reports, and
- formal reporting annually to the Board by the Audit Committee Chairman on internal control.

However, the internal auditors were not requested to carry out any reviews during the year. This was due to the fact that, as a result of the legal challenge, no import levies were collected and the resulting cash constraints meant that activities and expenditure were significantly curtailed.

The Audit Committee were satisfied with the systems of internal control due to:-

- the formal bi-annual reviews of the risk register, as noted above, took place and the risk register was reviewed by the Audit Committee;
- the tight controls in place regarding the authorisation of all expenditure by an executive director;
- no non-essential expenditure was incurred.

Risks to information are managed in compliance with Cabinet Office Data Handling review and internal IT data policies in force and maintained via risk registers. These policies incorporate provisions for the

security of operation of the main computer system and the control of the use of laptops and memory sticks. There were no reportable incidents during the year.

Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control recognises the professional qualifications of our finance team, the segregation of duties within that team, and regular, monthly reviews of business performance issues. I also am informed formally by my executive director colleagues that they are satisfied with the internal controls on which they rely, as well as managers who have the responsibility for the development and maintenance of the internal control framework.

Seafish went into a care and maintenance status with Defra, immediately after losing the appeal hearing in March 2010. This meant that all expenditure had to be approved by an executive director, and non-essential expenditure was suspended. Although no internal audit work was carried out during the year, I am satisfied that the tight controls as noted above mitigated any potential risk.

I consider comments made by the external auditors in their management letter and other reports.

The effectiveness of the system of internal control is also reviewed and maintained by:

- the Board reviewing Audit Committee minutes and regular reports by the Audit Committee Chairman including an annual assessment of the effectiveness of the Audit Committee; and
- the Audit Committee reviewing management's reports on the effectiveness of the system for internal financial control and risk management and ensuring that internal and external audit report to them on what they perceive as the key risks in the short and long-term.

**STATEMENT ON INTERNAL CONTROL (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2011**

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As Accounting Officer I am aware of two significant issues which could impact our organisation.

1. Pension and Balance Sheet Deficit. We are an admitted body to the Local Government Pension Scheme (LGPS) through the West Yorkshire Pension Fund (WYPF). At 31 March 2011 our pension deficit is £4,409k. We have sought to address this deficit through the closure of the scheme to new employees from 1 April 2006 and making contributions above minimum requirements in the last five years. Nevertheless given the issues reported above we are aware that the pension liability continues to present a significant risk to our short term operating activities and to our long term ability to fulfil our statutory remit.
2. Levy
Due to losing the appeal in March 2010, Seafish was unable to collect import levies from that point until the Supreme Court judgement in June 2011. During that period, Seafish still employed levy auditors and subsequently this team identified the income due. A rigorous collection programme has been established post June 2011 to ensure that all of this income is received.



P. Williams
Chief Executive

1st June 2012



J.S. Whitehead
Chairman

1st June 2012

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT

I have audited the financial statements of the Sea Fish Industry Authority for the year ended 31 March 2011 under the Fisheries Act 1981. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Sea Fish Industry Authority, the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Sea Fish Industry Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Fisheries Act 1981. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 Sea Fish Industry Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Sea Fish Industry Authority; and the overall presentation of the financial statements. In addition I read all the financial and non financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sea Fish Industry Authority's affairs as at 31 March 2011 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Fisheries Ministers' directions issued thereunder.

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT (CONTINUED)**

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Fisheries Act 1981 and Fisheries Ministers' directions issued thereunder; and
- the information given in the Directors' Report and the Management Commentary included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date: 13th June 2012*

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2010-11 £000	Restated 2009-10 £000
Expenditure			
Staff costs	7	3,034	3,565
Restructuring/redundancy	6	114	25
IAS 19 pension (credit)/charge	7	(4,312)	297
Depreciation	8&9	91	162
Other expenditure	4	2,990	5,357
Impairment of non-current assets	10	354	0
		<u>2,271</u>	<u>9,406</u>
Income			
Levy income	1.1	7,948	8,812
EU Income	3	1,133	640
Other income	3	1,357	1,812
		<u>10,438</u>	<u>11,264</u>
Net income		8,167	1,858
Interest receivable		13	18
Financing expenditure on pension scheme assets and liabilities	14	(187)	(805)
Net income after interest		<u>7,993</u>	<u>1,071</u>
Taxation	1.1 & 5	(3)	(4)
Net income after taxation		<u>7,990</u>	<u>1,067</u>
Other Comprehensive Expenditure			
Net loss on revaluation of property and buildings	10	(233)	(655)
Actuarial gain/(loss) on pension scheme assets and obligations	14	7,032	(6,088)
Total Comprehensive Net Income/(Expenditure)		<u>14,789</u>	<u>(5,676)</u>

The notes on pages 32 to 48 form part of these accounts

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Note	2010-11 £000	2009-10 £000
Non-current assets			
Property, plant and equipment	8	956	1,612
Intangible assets	9	<u>0</u>	<u>10</u>
Total non-current assets		956	1,622
Current assets			
Trade and other receivables	11	8,019	2,429
Cash and cash equivalents	18	<u>1,309</u>	<u>3,283</u>
Total current assets		9,328	5,712
Total assets		<u>10,284</u>	<u>7,334</u>
Current liabilities			
Trade and other payables	12	1,229	1,366
Provisions	13	<u>159</u>	<u>0</u>
Total current liabilities		1,388	1,366
Non-current assets plus net current assets		<u>8,896</u>	<u>5,968</u>
Non-current liabilities			
Provisions - unfunded pension liabilities	14	3,920	4,490
Pension liabilities	14	<u>489</u>	<u>11,780</u>
Total non-current liabilities		4,409	16,270
Assets less liabilities		<u>4,487</u>	<u>(10,302)</u>
Reserves			
Revaluation reserve		104	337
Net expenditure reserve		4,872	1,141
Pensions reserve		(489)	(11,780)
		<u>4,487</u>	<u>(10,302)</u>

J.S. Whitehead, Chairman
1st June 2012

P.Williams, Chief Executive
1st June 2012

The financial statements were approved by J.S.Whitehead and P Williams on
1st June 2012

The notes on pages 32 to 48 form part of these accounts

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2010-11 £000	2009-10 £000
Cash flows from operating activities			
Net income after taxation		7,990	1,067
Depreciation		91	163
Impairment of non-current assets		354	
(Increase)/decrease in trade and other receivables		(5,590)	(987)
Increase/(decrease) in trade payables		(137)	130
Use of provisions		(4,669)	404
		<hr/>	<hr/>
Net cash inflow from operating activities		(1,961)	777
Cash flows from investing activities			
Purchase of property, plant and equipment	8	13	45
		<hr/>	<hr/>
Net cash outflow from investing activities		13	45
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents in the period		(1,974)	732
Cash and cash equivalents at the beginning of the period		3,283	2,551
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	18	1,309	3,283

The notes on pages 32 to 48 form part of these accounts

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2011**

	Pension Reserve £000	Reval Reserve £000	Net Income Reserve £000	Total Reserves £000
Balance at 1 April 2009	(6,167)	1,297	244	(4,626)
Changes in taxpayers' equity for 2009/10				
Net loss on revaluation of property, plant and equipment		(655)		(655)
Transfers between reserves	475	(305)	(170)	0
Actuarial loss on pension scheme assets and obligations	(6,088)			(6,088)
Retained net income			1,067	1,067
Balance at 31st March 2010	<u>(11,780)</u>	<u>337</u>	<u>1,141</u>	<u>(10,302)</u>
Balance at 1 April 2010	(11,780)	337	1,141	(10,302)
Changes in taxpayers' equity for 2010/11				
Net loss on revaluation of property, plant and equipment		(233)		(233)
Transfers between reserves	4,259		(4,259)	0
Actuarial gain on pension scheme assets and obligations	7,032			7,032
Retained net income			7990	7,990
Balance at 31st March 2011	<u>(489)</u>	<u>104</u>	<u>4,872</u>	<u>4,487</u>

The notes on pages 32 to 48 form part of these accounts.

**NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011**

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by the Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Seafish for the purpose of giving a true and fair view has been selected. The particular policies adopted by Seafish for its activities are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared on a going concern basis and under the historical cost convention modified to account for the revaluation of property, plant and equipment.

Property, plant and equipment

Land and buildings - the value to Seafish of land and buildings is included at open-market value for existing use.

Land and buildings are valued by independent Chartered Surveyors every five years. A full valuation was last undertaken as at 31 March 2011. The valuation of £850k is incorporated in these accounts.

Other categories - due to the modest effect of revaluation and the continuing fall in the price of technology equipment, Seafish adopts a depreciated historical cost basis as a proxy for fair value.

The carrying values of assets are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment may be required. Residual values are calculated at the prices prevailing at the date of acquisition or revaluation.

Depreciation

Depreciation is calculated so as to write off the cost of those assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual depreciation rates are as follows:

	(%)
Furniture & equipment	10-20
Computer equipment	33
Intangible asset – software	33

Freehold Buildings are depreciated over their estimated useful economic life. The Buildings were purchased in 1992 with an estimated life of fifty years and this remains our estimate so the buildings are scheduled to be fully depreciated by 2042. Freehold land is not depreciated.

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**

Intangible assets

Intangible assets acquired by Seafish are stated at fair value, due to the modest effect of revaluation and the continuing fall in the price of technology equipment, Seafish adopts a depreciated historical cost basis as a proxy for fair value.

Operating income

Levy income is stated gross. Commission paid to agents for collecting levy is included in Other Operating Expenditure.

Revenue comprises levy income received which is raised on specified sea fish products and paid on a self-billing arrangement in arrears. SFIA recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to it. In seeking to apply IAS 18 – Revenue Recognition, an estimation methodology is applied which reflects historic payment profiles. SFIA make all reasonable attempts to identify all liabilities but acknowledge that 100% compliance is unlikely to be achievable. The income reported in these accounts does not include any estimate for levy which might be legally payable but of which SFIA has no knowledge.

Leases

Costs payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term. There are no material assets held under finance leases.

Financial Instruments

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk. Full disclosure required by IAS 32, IAS 39 and IFRS 7 is shown at note 17.

Grants receivables

Grants are of a revenue nature and are credited to income in the year in which they are receivable.

The European Union and United Kingdom Fisheries Departments reserve the right for grants to be repaid if during a period of six years from the date of final claim it is found that the conditions of grant were breached.

Corporation tax and value added tax

Under a specific agreement with the Inland Revenue, the liability of Seafish to corporation tax is limited to the total of its net investment income (which excludes interest arising from loans to the industry) and its chargeable gains.

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**

Seafish is unable to recover Value Added Tax on the majority of its purchases. Expenditure shown in the accounts is therefore inclusive of this Value Added Tax.

□ Staff costs

Holiday pay accrued by employees, but not taken at the balance sheet date is provided for and included in the costs of the period.

1.2 Pensions

Seafish is an admitted body to a funded, defined benefit scheme operated by the West Yorkshire Pension Fund, which is independently invested and administered. Seafish has not offered this scheme to new employees since 1 April 2006 but instead makes contributions to a defined contribution scheme administered by Legal & General Group.

Employees employed before 1 April 2006

Seafish contributes to the West Yorkshire Pension Fund in respect of the pension obligations to employees employed before 1 April 2006. The contribution rates are advised by independent actuaries and the fund is actuarially valued every three years.

Former Employees

Provision is made, on actuarial advice, in respect of obligations arising for supplementation commitments and indexation thereon of certain categories of ex-employees of Seafish.

In addition to the West Yorkshire Pension Fund, Seafish provisionally operated a scheme on behalf of former Herring Industry Board employees, which was also independently invested and administered. The Sea Fish Industry Pension and Life Assurance Fund (ex Herring Industry Board Scheme) was closed to new members and was a fully paid-up Scheme; however the Scheme was formally wound-up on 31 May 1999. The annuities which had been established to cover basic pension rights of the existing pensionable members will be met by the Norwich Union. Seafish will continue to meet the indexation costs associated with basic pension rights.

The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to operating profit.

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income.

Actuarial gains and losses are recognised in the Statement of Changes in Reserves.

NOTES TO ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

2. Adoption of IFRS

The continued adoption of IFRS has not had a material impact on Seafish's financial position, financial performance or cash flows.

3. EU and other income

Other Income is made up as follows:

	EU £000	2011 Other £000	EU £000	2010 Other £000
Marine Management Organisation	495	83	486	38
Scottish Government	290	229	109	311
DARDNI	51	1	-	8
WEFO/WAG	63	-	-	-
European Union	2	1	45	-
Miscellaneous Other Income	232	1,043	-	1,455
	<u>1,133</u>	<u>1,357</u>	<u>640</u>	<u>1,812</u>

Seafish receives £16k per annum from Scotland Food & Drink for the provision of serviced office space under a tenancy agreement that ended in January 2011.

4. Other expenditure

Details of Seafish expenditure is made up as follows:

	2011 £000	2010 £000
Research Activities - EU	968	650
- Other	415	1,637
	<u>1,383</u>	<u>2,287</u>
Business Development Activities - EU	199	113
- Other	410	1,284
	<u>609</u>	<u>1,397</u>
Other location costs	410	543
Professional Fees	179	509
Motor Vehicle Costs	183	240
Provisions provided for in year Note 13	159	0
Other department Costs	80	109
Travel & Subsistence	52	147
Staff Training & Recruitment	3	67
Repairs & Maintenance	12	32
Computing Costs	20	26
Gain on sale of property	(69)	-
Reduction in bad debt provision	(31)	-
	<u>998</u>	<u>1,673</u>
Total other expenditure	<u>2,990</u>	<u>5,357</u>

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**
4. Other expenditure (continued)

The operating surplus/(deficit) is stated after charging:

	2011 £000	2010 £000
Auditors remuneration	<u>27</u>	<u>30</u>
Operating lease rental - Land and buildings	105	102
- Motor vehicles	<u>112</u>	<u>125</u>
	<u>217</u>	<u>227</u>

5. Taxation on profit on ordinary activities

	2011 £'000s	2010 £'000s
a) Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	3	4
Adjustment in respect of previous periods	-	-
Total current tax (per note b)	<u>3</u>	<u>4</u>
b) Factors affecting tax charge for period		
The tax assessed for the period differs from the small companies rate of corporation tax 20% (2010: 21%)		
The differences are explained as follows:		
Profit on ordinary activities multiplied by the standard rate of corporation tax 20% (2010: 21%)	1,599	225
Adjustment to PCTCT in accordance with the Inland Revenue Agreement	(612)	(558)
Short term timing differences	(164)	756
Tax deductible pension contributions	(866)	187
Movement in losses	-	(606)
Rate changes	46	-
Current tax charge for the period	<u>3</u>	<u>4</u>
Losses carried forward	<u>-</u>	<u>-</u>

No deferred tax asset has been recognised under IAS 12 in respect of the tax losses carried forward since it is uncertain as to whether Seafish will generate profit in the future to utilise the deferred tax asset.

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**

6. Retirement & redundancy Costs

Due to the reduction in levy income as a result of the legal challenge, several members of staff were made redundant at a cost of £114k.

7. Staff numbers and related costs

(a) The average number of whole time equivalent staff employed by Seafish during the year is noted below and included four part-time positions (2010 - four).

	Management and Staff		Agency/Temp Contract Staff		Total Staff	
	2011	2010	2011	2010	2011	2010
Research	35	41	1	1	36	42
Business Development	32	35	-	-	32	35
Corporate Services	14	18	-	-	14	18
	81	94	1	1	82	95

(b) Employment costs for the year, excluding Board Members, were as follows:

	2011 £000	2010 £000
Gross salaries	2,747	3,236
Social security costs	232	282
Pension operating costs	55	47
	<u>3,034</u>	<u>3,565</u>

(c) Analysis of pension costs

	2011	2010
Pension current service cost	442	265
Past service (gain)/cost	(4,754)	32
	<u>(4,312)</u>	<u>297</u>

(d) Executive Directors' emoluments & pension benefits

Details of emoluments and pension benefits for the Executive Directors are shown in the Remuneration Report at pages 19 to 20 of the statutory accounts. Details of related party transactions are shown at page 47.

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**
7. Staff numbers and related costs (continued)

(e) Reporting of compensation schemes – exit packages

Exit package cost band	31st March 2011			31st March 2010	
	Compulsory redundancies	Other departures agreed	Total exit packages by cost band	Other departures agreed	Total exit packages by cost band
Under £10,000	3	0	3	0	0
£10,001-£25,000	2	2	4	1	1
£25,001-£50,000	1	0	1	0	0
Total number of exit packages by type	6	2	8	1	1
Total resource cost £'000	82	32	114	25	25

8. Property, plant and equipment

Analysis by type	Land	Buildings	Furniture & Fittings	Information Technology	Total
	£000	Excluding £000	£000	£000	£000
Cost or valuation					
At 1st April 2010	46	1,434	531	335	2,346
Additions				13	13
Disposals			(1)	(37)	(38)
Revaluation	104	(337)			(233)
Impairments		(397)			(397)
At 31st March 2011	150	700	530	311	1,691
Depreciation					
At 1st April 2010	0	0	432	302	734
Charge for year		43	21	17	81
Disposals				(37)	(37)
Impairments		(43)			(43)
At 31st March 2011	0	0	453	282	735
Net book value					
As at 31st March 2011	150	700	77	29	956

NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

8. Property, plant and equipment (continued)

Seafish land and buildings is offices in Edinburgh. The office was surveyed and valued by Drivers Jonas Deloitte, independent Chartered Surveyors as at March 2011 in accordance with the RICS Appraisal and Valuation Manual. This valuation at open market value for existing use, is incorporated in Seafish accounts.

Continuing annual financial commitments in respect of short leaseholds are disclosed in note 15. Improvements, which include buildings on leased sites, are capitalised and are normally written off over the life of the leases as permitted under IAS 16.

Analysis by type (comparatives)	Buildings				Total
	Land	Excluding Dwellings	Furniture & Fittings	Information Technology	
	£000	£000	£000	£000	£000
Cost or valuation					
At 1st April 2009	66	2,137	541	421	3,165
Additions			12	33	45
Disposals		(3)	(22)	(119)	(144)
Revaluation	(20)	(700)			(720)
Impairments					0
At 31st March 2010	46	1,434	531	335	2,346
Depreciation					
At 1st April 2009	-	3	428	357	788
Charge for year		65	23	63	151
Disposals		(3)	(19)	(118)	(140)
Revaluation		(65)			(65)
At 31st March 2010	0	0	432	302	734
Net book value					
As at 31st March 2010	46	1,434	99	33	1,612

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**

9. Intangible assets

Intangible assets comprise software licenses.

£'000

Cost or valuation

At 1 April 2010	243
Additions	-
Donations	-
Disposals	-
Revaluations	-
At 31 March 2011	<u>243</u>

Amortisation

At 1 April 2010	233
Charged in year	10
Disposals	-
Revaluation	-
At 31 March 2011	<u>243</u>

Net book value at 31st March 2011	<u><u>0</u></u>
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Cost or valuation

At 1 April 2009	243
Additions	-
Donations	-
Disposals	-
Revaluations	-
At 31 March 2010	<u>243</u>

Amortisation

At 1 April 2009	222
Charged in year	11
Disposals	-
Revaluation	-
At 31 March 2010	<u>233</u>

Net book value at 31st March 2010	<u><u>10</u></u>
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10. Impairments

The impairment charge for the year of £354k related to the difference between the cost value of the buildings in Edinburgh, and the valuation as referred to in note 8 above. This was charged to the Statement of Comprehensive Net Expenditure as the buildings revaluation reserve was fully expended. However, the valuation of the land was £104k greater than the cost, and this increase is reflected in the revaluation reserve.

	Reval Reserve £000	I&E Reserve £000
Charged to comprehensive net expenditure	233	354

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**
11. Trade receivables and other current assets

	2011 £000	2010 £000
Amounts falling due within one year:		
Trade receivables (after bad debt provision)	261	647
Advances to staff for Grimsby relocation	4	18
Levy Debtors	7,000	1,243
Prepayments and Accrued Income	216	303
EU Accrued Income	538	213
Interest on Cash at Bank	-	-
	<u>8,019</u>	<u>2,424</u>
Amounts falling due after more than one year:		
Advances to staff for Grimsby relocation	<u>-</u>	<u>5</u>

The above receivables include £174k (2010: £578k) being due from central government bodies.

12. Trade payables and other current liabilities

	2011 £000	2010 £000
Amounts falling due within one year:		
Trade payables	257	305
Accruals and Deferred Income	857	863
PAYE and Social Security	62	91
VAT	19	63
Corporation Tax	3	4
Pension Contributions Payable	31	40
	<u>1,229</u>	<u>1,366</u>

There are no trade payables due in after more than one year.

The above trade payables include £213k (2010:£124k) being due to central government bodies.

13. Provisions – bad debts

	£'000
Balance at 1st April 2010	0
Provided in year	<u>159</u>
Balance at 31 st March 2011	<u>159</u>

The bad debt provision relates to the estimated amount due from a levy payer that went into administration after the year end.

14. Pension scheme arrangements

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The level of contribution is determined by a qualified actuary on the basis of a valuation performed every three years, using the projected unit method. A full actuarial valuation was carried out

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**
14. Pension scheme arrangements (continued)

at 31 March 2010 by a qualified independent actuary

The WYPF scheme was closed to new staff from 1 April 2006, as a consequence under the project unit method the current service cost will increase as the members of the scheme approach retirement.

New staff are instead offered a defined contribution scheme administered by the Legal & General Assurance Society. Employer's contributions during the year to 31 March 2011 were £55k there were no amounts prepaid or outstanding at the end of the year.

In addition, Seafish has responsibility for the Sea Fish Industry Authority (SFIA) Pension and Life Assurance Fund (see note 1).

Liability for defined benefit pension obligations

	2011	2010
	£000	£000
Present value of defined benefit obligations	(37,887)	(46,555)
Fair value of scheme assets	33,478	30,285
Net liability for defined benefit obligations	<u>(4,409)</u>	<u>(16,270)</u>
Value of unfunded liabilities included in above	(3,920)	(4,490)

Movements in the present value of defined benefit pension obligations

	2011	2010
	£000	£000
At 1 April	46,555	32,848
Current Service Cost	442	265
Interest Cost	2,322	2,282
Contributions	144	159
Past Service Cost	(4,754)	32
Actuarial Losses & (Gains)	(4,850)	12,854
Curtailments	-	-
Benefits/transfers paid	<u>(1,972)</u>	<u>(1,885)</u>
At 31 March	<u>37,887</u>	<u>46,555</u>

Movements in the fair value of scheme assets

	2011	2010
	£000	£000
At 1 April	30,285	23,067
Expected return on scheme assets	2,135	1,477
Contributions	581	585
Actuarial Gains & Losses	2,182	6,766
Benefits/transfers paid	<u>(1,705)</u>	<u>(1,610)</u>
At 31 March	<u>33,478</u>	<u>30,285</u>

NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

14. Pension scheme arrangements (continued)

Net finance charge

	2011	2010
	£000	£000
Expected return on scheme assets	2,135	1,477
Interest on liabilities	<u>(2,322)</u>	<u>(2,282)</u>
	<u>(187)</u>	<u>(805)</u>

Expenses recognised in the statements of recognised income and expense

	2011	2010
	£000	£000
Actuarial gain/(loss) recognised	7,032	(6,088)

The most recent actuarial valuation of the pension fund was to 31 March 2010. The principal assumptions used by the independent qualified actuary in updating this valuation were:

	31 Mar 2011	31 Mar 2010
Rate of inflation (RPI)	3.6%	3.8%
Rate of inflation (CPI)	2.7%	N/A
Rate of increase in salaries	5.1%	5.55%
Rate of increase in pensions	32.7%	3.8%
Discount rate	5.5%	5.7%
Mortality Tables	1992(PMA and PFA)	1992(PMA and PFA)

Scheme assets

	31 Mar 2011	31 Mar 2010
Equities	73.1%	70.6%
Government bonds	11.4%	12.5%
Other bonds	3.9%	3.5%
Property	3.6%	3.3%
Cash/Liquidity	2.3%	3.9%
Other	5.7%	6.2%

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**

14. Pension scheme arrangements (continued)

Expected rate of return and the assets of the WYPF scheme were:

	Long-term rate of return expected at 31 Mar 2011	Value at 31 Mar 2011 £000	Long-term rate of return expected at 31 Mar 2010	Value at 31 Mar 2010 £000
Equities	8.4%	24,473	8.0%	21,381
Government bonds	4.4%	3,816	4.5%	3,786
Other bonds	5.1%	1,305	5.5%	1,060
Property	7.9%	1,205	8.5%	999
Cash/Liquidity	1.5%	770	0.7%	1,181
Other	8.4%	1,909	8.0%	1,878
Total market value of assets		<u>33,478</u>		<u>30,285</u>

The effect of experience adjustments is as follows:

	2011 £'000s	2010 £'000s	2009 £'000s	2008 £'000s	2007 £'000s
Present value of defined benefit obligations	(37,887)	(46,555)	(32,848)	(38,090)	(34,119)
Fair value of scheme assets	<u>33,478</u>	<u>30,285</u>	<u>23,067</u>	<u>29,713</u>	<u>30,910</u>
Deficit in the scheme	<u>(4,409)</u>	<u>(16,270)</u>	<u>(9,781)</u>	<u>(8,377)</u>	<u>(3,209)</u>
Experience adjustment on scheme liabilities					
Amount	(2,322)	(2,282)	(2,306)	(1,831)	(1,737)
Percentage of scheme liabilities	6.1%	4.9%	7.0%	4.8%	5.1%
Experience adjustment on scheme assets					
Amount	2,135	1,477	2,032	2,122	1,877
Percentage of scheme assets	6.4%	4.9%	8.8%	7.1%	6.1%

The contribution expected to be paid to the defined benefit scheme during the 2012 financial year is £523k (2011 - £716k).

NOTES TO ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

15. Post Balance Sheet Events

An action was brought against Seafish in the High Court of England and Wales to test the legality of the levy, in so far as it relates to fish and fish products that have been imported. Seafish won the initial case, this judgment was overturned by the Court of Appeal on 18th March 2010. The Supreme Court heard an appeal by Defra and Seafish in March 2011, with the judgment in favour of Seafish being announced on 15th June 2011. Between March 2010 and the positive Supreme Court judgement in June 2011, Seafish were unable to collect import levies and have since been collecting all import levies outstanding for that period and before.

Seafish financial statements are laid before the Houses of Parliament by the Cabinet Secretary for Rural Affairs and the Environment and before the Scottish Parliament by the Minister for Environment and Rural Development. IAS 10 requires Seafish to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by Seafish management to the Cabinet Secretary for Rural Affairs and the Environment and the Minister for Environment and Rural Development following certification by the C&AG on 13th June 2012.

16. Commitments under leases

Operating Leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires.

	2011	2010
	£000	£000
Obligations under operating leases comprise		
Buildings:		
Not later than one year	96	92
Later than one year and not later than five years	354	353
Later than five years	<u>257</u>	<u>247</u>
	<u>707</u>	<u>692</u>
Other:		
Not later than one year	90	108
Later than one year and not later than five years	85	175
Later than five years	<u>-</u>	<u>-</u>
	<u>175</u>	<u>283</u>

Seafish also occupy a small office under licence at Fishgate, St Andrew's Dock, Hull at a cost of £1k per month.

17. Financial instruments

IAS 32, 39 and IFRS 7 Financial Instruments require disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Seafish has no borrowings and relies primarily on levy for its cash requirements and is therefore not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing Seafish in undertaking their activities. The following paragraphs

NOTES TO ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

17. Financial instruments (continued)

provide an overview of the major financial risks for Seafish and how they are managed at the individual level.

Liquidity risk

Seafish has no borrowings and relies primarily on levy for its cash requirements and is therefore not exposed to any significant liquidity risks.

Market risk – interest rate risk

The majority of Seafish financial assets and financial liabilities carry nil or fixed rates of interest. Seafish is therefore not exposed to any significant interest rate risk.

Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to Seafish. Credit risk arises from deposits with banks as well as credit exposures to Seafish trade debtors. Surplus operating cash is only invested with banks that are rated independently with a minimum rating of A1, P1, F1 or A+. Cash assets are held with Clydesdale Bank plc and Nationwide Building Society.

Foreign currency risk

Seafish has no foreign currency income or foreign currency expenditure other than in euro. All material assets and liabilities are denominated in sterling. Seafish is therefore not exposed to any significant foreign currency risk.

Fair values

The fair values of financial assets and financial liabilities for Seafish approximates to their book values.

Financial assets by category

	Loans and Receivables £000	2011 Total £000	Loans and Receivables £000	2010 Total £000
Assets as per balance sheet:				
Trade Receivables	261	261	647	647
Levy Receivables	7,000	7,000	1,243	1,243
Cash at Bank and in Hand	1,309	1,309	3,283	3,283
Total	8,570	8,570	5,173	5,173

The levy receivables have been subject to a bad debt provision of £159k as detailed in note 13. None of the other financial assets have been subject to impairment.

An analysis of the ageing of the non impaired trade debtors is shown below.

Trade Receivables	2011 Total £000
Less than 1 month	175
More than 1 month less than 3 months	12
More than 3 months	74
Total	261

NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

17. Financial instruments (continued)

Financial liabilities by category

	Financial Liabilities £000	2011 Total £000	Financial Liabilities £000	2010 Total £000
Liabilities as per balance sheet				
Trade Payables	257	257	305	305
Other Payables	888	888	903	903
Total	1,145	1,145	1,208	1,208

The above figures exclude statutory creditors, which relates to VAT and Corporation Tax due to HMR&C.

18. Cash and cash equivalents

	2011 £000	2010 £000
Balance at 1 April	3,283	2,551
Net change in cash and cash equivalent balances	(1,974)	732
Balance at 31 March	1,309	3,283

The following balances at 31 March were held at:

Commercial banks and cash in hand	1,309	3,283
Balance at 31 March	1,309	3,283

19. Related party transactions

Seafish is a UK non departmental public body, sponsored by Department for Environment, Food and Rural Affairs (Defra). Defra is regarded as a related party. During the year, Seafish has had a number of material transactions with Defra and its sponsored bodies and with other Government Departments and their sponsored bodies, notably – the Scottish Executive Environment and Rural Affairs Department; Department of Agriculture and Rural Development (Northern Ireland); National Assembly for Wales and Welsh European Funding Office.

These transactions predominantly relate to the payment of EFF grants for approved projects and are disclosed in note 3.

The balances payable to Seafish at the year end were:

	2011 £	2010 £
Defra	97,853	247,888
Scottish Government	58,369	121,089
National Assembly for Wales	17,694	-
Department for Transport	-	189,320
Food Standards Agency	-	19,810

**NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011**

19. Related party transactions (continued)

In addition, Seafish was involved in the following related party transactions during the year which are considered to be material. All payments were made by 31 March 2011 and accordingly there are no balances outstanding:-

Deputy Chairman Mr J. S. Whitehead was:

- a trustee of Billingsgate Seafood Training School which was paid £2,070 by Seafish and from whom Seafish received £1,120

Board Member Mr I. M. MacSween is:

- a director of Seafood Scotland Ltd which was paid £8,201 by Seafish and from whom Seafish received £140,622.
- a director of Scotland Food & Drink Ltd which was paid £3,000 by Seafish and from whom Seafish received £33,640.

Board Member Mr James Wilson is:

- a director of Deepdock Ltd from whom Seafish received £2,000.

Board Member Mr A. West is:

- chairman of Westward Fishing Company from whom Seafish received £30,874.
- A director of S&S Co-operative Ltd from whom Seafish received £21,545.
- a director of Seafood Scotland Ltd which was paid £8,201 by Seafish and from whom Seafish received £140,622.
- A director of Scottish Fishermen's Federation which was paid £11,985 by Seafish

Board Member Mr M Park is:

- a director of Seafood Scotland Ltd which was paid £8,201 by Seafish and from whom Seafish received £140,622.
- a director of the Scottish Fishermen's Federation which was paid £11,985 by Seafish.

Executive Director Dr P Williams is:

- a director of Whitby & District Fish Industry Training School which was paid £12,894 by Seafish.

Executive Director Dr J Harman is:

- a director of Seafood Scotland Ltd which was paid £8,201 by Seafish and from whom Seafish received £140,622.

20. Major FReM changes for 2010-11

Seafish has reviewed the major FReM changes for 2010-11 and determined there will be no significant impact on the financial statements.