

The Sea Fish Industry Authority

ANNUAL REPORT & ACCOUNTS 2016/17

**Presented to Parliament pursuant to
Section 11 (8) of the Fisheries Act 1981**

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Performance Report

Chief Executive Statement

Seafish continues to serve its levy payers and the wider UK seafood industry by responding to the requirements placed on it by its various stakeholders. These Annual Accounts reflect an organisation that is managing its affairs with the rigour and diligence expected of a Non Departmental Public Body.

We have now completed two years of our three-year Corporate Plan and there is much to be proud of. The plan was developed through collaborative working across our three Industry Sector Panels and the Seafish Board. It was signed off by all four Fisheries Administrations and provides the mandate for the work Seafish undertakes.

We have continued the good practice of publishing a year-end assessment of our progress in our Annual Delivery Report. This document can be found on the Seafish website (www.seafish.org) and it highlights our notable achievements together in detail regarding the progress we are making towards our three-year Corporate Plan targets. This transparency and openness is important, particularly to our industry stakeholders, as many contribute through levy payments to the good work that Seafish does.

Contributions of another kind are even more valuable and the role Seafish plays in bringing together stakeholders across the seafood supply chain alongside other interested parties is not just unique but also very powerful. Seafish is a convening and consensus building organisation and facilitates this through the creation of safe environments in which organisations' competitive self-interests can be put aside in favour of seeking out solutions to the issues that matter most to industry. The members of our Panels and all those who participate in Seafish's Special Interest Groups and Fora are to be applauded. Particularly noteworthy this year was the contribution offered by our Advisory Committees comprising industry stakeholders in Northern Ireland, Wales and South West England. I thank you all for your continued support and goodwill.

The breadth of Seafish's work is remarkable and we have made excellent progress across all our workstreams. I would like to extend my thanks and admiration to all our staff for their professionalism and hard work. They really are a credit to the industry they serve.

The years ahead will be interesting for the seafood industry following the result of the UK Referendum on European Union membership. In this year we have helped the UK seafood industry to understand the implications of the UK's departure from the European Union and helped stakeholders to articulate how their different sectors may be impacted and where the opportunities might lie. This insight will prove valuable as the exit process is taken forward.

There is no organisation better placed than Seafish to help the industry manage the impact of this change. We will use our authority status, the valued expertise of our staff and our unique position of being close to Government and close to industry to inform the next transition for the whole UK seafood supply chain.

Overview

The Performance Report discloses those matters which Seafish is required to report under section 414C of the Companies Act 2006 and the Government Financial Reporting Manual. It is intended to provide:

- An overview of our background, vision and high level objectives during the year.
- A balanced and comprehensive analysis of the development and performance of Seafish during the financial year.
- The financial position of the business at the end of the year.
- Seafish's sustainability reporting.
- The main trends and factors likely to affect the future development, performance and position of the business.

Key risks are discussed in the Governance Statement on page 19. Seafish have identified two key risks that could affect the entity delivering our Corporate Plan - the Smith Commission report and Brexit. The accounts have been prepared on a going concern basis.

Background

When Seafish was established in 1981, the Fisheries Act defined its role as “promoting the efficiency of the seafood industry... so as to serve the interests of that industry as a whole”, whilst at the same time giving “regard to the interests of consumers of sea fish and sea fish products”. The organisation also has additional responsibilities under the Fishing Vessels (Safety Training) Regulations 1989 as a provider of mandatory Safety Training Certificates for fishermen.

Whilst our purpose is defined by legislation, our strategy and objectives are established in partnership with industry and ratified by the four Fisheries Administrations. Seafish is a Non-Departmental Government Body (NDGB).

At Seafish, we aim to be the main source of information and analysis for industry, Government and media on all issues concerning the UK seafood industry; an ambition set out in our vision to be the authority on seafood. Only by having a high level of expertise can our work on educating consumers and dealing with the public image of the seafood industry be convincingly authoritative.

For the life of this Corporate Plan, our mission is to secure a sustainable and profitable future for the UK seafood industry, delivered through three high level objectives: to promote consumption, protect reputation and inform decisions. These guiding principles are at the heart of Seafish and every workstream and work programme are focused on their delivery.

Performance Analysis

Financial Review of Financial Results for the Year

Seafish operated at a deficit of £0.058m as compared with a surplus of £0.117m for 2015/16. The main reasons for this £0.175m movement were:

- An actuarial gain of £1.114m was recognised during the 2016/17 year compared to an actuarial gain of £1.656m in 2015/16.
- Project expenditure reduced by £1.560m as a result of two large projects finishing in 2015/16 and due to the phasing of costs in our three year corporate plan. These projects being Project Inshore Technical and the hosting of the World Seafood Congress.
- A decrease in project income of £0.540m largely due to a significant funded project finishing in 2015/16, this being the aforementioned Project Inshore Technical.
- Levy income increased by £0.183m.
- Staff costs have increased by £0.431m due to a 1% annual pay award, a pay and reward review and an increase in staff numbers of 2.
- An increase in overheads mainly due to the £0.525m cost of the Edinburgh office refurbishment, adding meeting room facilities which are freely available for levy payers to use.

Review of the Financial Position as at 31 March 2017

After covering all of its liabilities, Seafish had net assets of £0.850m at 31 March 2017 (2016: £0.849m). This increase of £0.001m was caused by the overall deficit for the year, together with the notional income from Defra, actuarial gain on the pension scheme and gain on the revaluation of the land and building. This was reflected in the following balance sheet movements:

- Cash decreased by £0.988m due to net expenditure on operating activities of £0.760m, the purchase of non-current assets of £0.266m, less the interest received of £0.038m.
- Pension liabilities decreased by £0.907m as a result of the actuarial gain of £1.114m noted above, and the contributions and benefits paid of £0.514m, less the IAS 19 charge of £0.390m and the financing expense of £0.331m.
- Trade and other receivables decreased by £0.175m mainly due to the reduction of £0.257m in levy receivables and £0.185m in trade receivables. This was largely offset by a £0.338m increase in EU accrued income as a result of European Maritime and Fisheries Fund (EMFF) applications being accepted throughout the year.
- Trade and other payables decreased by £0.130m mainly due to Seafish not having an overdraft at the year end, there was an overdraft of £0.204m the previous year.

Sustainability

This year we have collected baseline data to enable us to measure and report on our business travel miles and greenhouse gas emissions. As evidenced from the table below, travel accounts for the majority of emissions. This is an area that Seafish is actively looking to reduce. Seafish's car leasing policy restricts the choice of cars to those with CO2 emissions of 110g/km or below and staff are encouraged to reduce non-essential travel through the use of video conferencing, conference calls and webinars.

	Year ended 31 March 2017		
	Expenditure £000's	Measure	Tonnes CO2
Scope 2: Energy indirect			
Electricity (kWh)	7	54,978	23
Gas (kWh)	3	99,402	18
Scope 3: Other indirect emissions			
Air Travel (m)	64	101,430	28
Rail Travel (m)	96	210,200	10
Travel by non-owned vehicles (m)	131	236,011	44
Water supply (m3)	7	161	0
Waste management (tonnes)	5	9	1
Total	313		124

With this being Seafish's first year compiling the sustainability data there are limiting factors. These are listed below, along with the steps Seafish will be taking to report on these in the future;

- Seafish pays a unitary charge to operate out of leased premises in Grimsby. As such, utilities and waste management of this premise cannot be disaggregated and is not included. As things stand it will not be possible to do this whilst Seafish remain with the current landlord.
- Edinburgh waste management is not able to be disaggregated further as current suppliers have not provided this level of detail. Seafish will be contacting these suppliers to see if annual reports will be available to disaggregate the waste management in 2017-18.

Future Strategic Direction

Seafish has a very clear purpose – to help secure a sustainable, profitable and socially responsible future for the UK seafood industry. It strives to work towards this purpose through a focus on the three high level objectives; Promote Consumption, Enhance Reputation and Inform Decisions.

In recent years Seafish has, with great success, embraced a stronger agenda regarding the responsible sourcing of seafood and the issue of ethics within the seafood supply chain. This has been a response to increased consumer interest and awareness of both food provenance and social responsibility. This work is set to continue as momentum builds behind the initiatives that Seafish has developed.

Looking to the future, our industry stakeholders are articulating a desire for the UK seafood industry to forge ahead, to grow UK seafood consumption and to pro-actively embrace the opportunities that the UK's exit from the European Union may present while at the same time tackling the inevitable challenges that arise.

During this year we have started the process of developing the next Seafish Corporate Plan that will cover the period 2018-21. The focal point of this development process is the advice offered by our three industry Sector Panels.

The three Sector Panels provide representation and influence from the industry in defining Seafish's work programmes. These panels will provide the Seafish Board with advice including agreed priorities and work areas for their sector and may also identify differences at a regional level.

The three Panels represent different parts of the industry:

- Domestic and Export Sector;
- Processing and Import Sector; and
- Consumer and Supply Chain.

The Sector Panels have reviewed priorities and significant opportunities and threats facing the UK seafood industry. Their advice has been presented to the Seafish Board who will now consider that advice and formulate a new Corporate Plan for consideration and ultimately sign off by Fisheries Ministers.

It is pleasing to report that this strategic planning work has proceeded in good time and we hope to be able to transition to the new 2018-21 delivery period in the first quarter of 2018.

In the longer term, we have this year, been supporting a 'Seafood 2040' initiative sponsored by Defra, which is looking to set out a more far-reaching view of the future for the industry in all its component parts. Seafish will play its part in supporting that activity and some elements of that emerging strategy may well find their way into our next Corporate Plan.

How Well are We Performing?

Progress against our Corporate Plan is measured through detailed performance dashboards on each work area, and these are reviewed by the Seafish Board on a quarterly basis and the Sector Panels twice a year. Our Corporate plan contains Key Performance Indicators (KPIs) for its three-year lifespan, and on an annual basis progress is tracked against annual targets. The delivery performance is reported in the Annual Delivery Report, and this can be found on our website by following the attached link:

http://www.seafish.org/media/publications/Seafish_Delivery_Report_2016-17.pdf.

Included in the Seafish Delivery Report 2016-17 are:

- The projects undertaken by Seafish.
- The performance summary of the projects, including key performance indicators (KPIs), unique to these projects.
- Analysis and explanation of the development and performance of Seafish's work programmes and projects.

The Audit and Risk Committee (ARC) oversees Seafish's Value for Money (VFM) Strategy, which includes independent value for money assessments on all projects with a value greater than £0.200m. The results are shared with the Board and Sector Panels.

Performance dashboards relating to Finance, Human Resources, levy collection, and Information Systems, are also reviewed by the Board on a quarterly basis.

In addition to our regular tracking and review of progress against our KPIs, we seek feedback from our stakeholders. The 2017 Seafish Stakeholder Survey was conducted throughout June, with feedback gathered from more than 300 in-depth telephone interviews with stakeholders from across the seafood industry. The results of the survey were published in August 2017.

Notable highlights in 2016/17 include; the successful organisation and hosting of the annual National Fish & Chip Awards, an award winning Seafood Week consumer campaign, hosting British pavilions at international export events, UK roll-out of the new Responsible Fishing Scheme, launch of a new website; 'Tools for the Ethical Sourcing of Seafood' (TESS) providing much needed information and guidance for industry stakeholders with an interest in such matters.

Alongside these event and project successes, Seafish continues to provide an excellent range of ongoing services for stakeholders. These include; economic assessments and advice, market insight services, vessel surveys and advice, Kingfisher sub-sea hazard information services, fishermen's training, onshore training and advice and guidance regarding all aspects of the regulations applicable to seafood.

M Coleman – Chief Executive
5 January 2018

Accountability Report

Corporate Governance Report

The purpose of the Corporate Governance report is to explain the composition and organisation of Seafish's governance structure and how Seafish support the achievement of our objectives. This governance report sets out how Seafish have managed and controlled our resources during the year.

Directors' Report

History and Statutory Background

The Sea Fish Industry Authority (Seafish) was established under the Fisheries Act 1981. These accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM 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

Seafish is the only pan-industry body offering services to all parts of the seafood industry, including catching and aquaculture, processors, importers, exporters and distributors of seafood, restaurants and retailers. It aims to support all sectors of the seafood industry for a sustainable, profitable future.

Its key services aim to support and improve the environmental sustainability, efficiency, cost effectiveness and commercial success of the industry, as well as promoting sustainably-sourced seafood. Key aspects of these services include:

- (a) Promoting efficiency in the UK seafood industry including the marketing and consumption of sea fish and sea fish products in the UK;
- (b) Providing and assisting in the provision of training;
- (c) Providing advice, information and analysis of a wide range of matters relevant 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.

Recent Background

The current structure comprises the Board with responsibility for the governance of the organisation and setting the strategic direction. Under this, three Sector Panels have been established to inform the operational activities. These three Sector Panels represent the interests of their sectors:

- Domestic and Exporters Panel
- Importers and Processors Panel
- Consumers and Supply Chain Panel

The Panels are composed of a mix of representative organisations and those who bring direct skills and expertise to the Panel. They are constituted to meet twice per year to review the activities and progress towards the KPIs. During the year to 31 March 2017, each panel met three times to review the progress on the delivery of the Corporate Plan.

Board Members

There are eight non-executive Board members, appointed jointly by the Minister of State for Agriculture, Fisheries and Food (Defra), the Cabinet Secretary for Rural Economy and Connectivity (Scottish Government), the Cabinet Secretary for Environment and Rural Affairs (Welsh Government) and the Minister for Agriculture, Environment and Rural Affairs (Northern Ireland Executive). Three Board Members are independent of the sea fish industry and the remaining five members represent the interests of the sea fish industry.

Independent:	Brian Young (Acting Chair) Alison Austin Clare Dodgson
Industry:	Peter Hajipieris Michael Park Stephen Parry Jonathan Shepherd James Wilson

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 Seafish website (<http://www.seafish.org/about-seafish/our-structure/the-board>) 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 the executive directors attend and participate fully in all Board meetings.

Board Members' Responsibilities

The Board Members have adopted a Code of Good 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 and Staff 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 the Accounts Direction issued by the Secretary of State for the Environment, Food and Rural Affairs.

Management

The management of Seafish comprised the following executive directors during 2016/17:

Marcus Coleman (Chief Executive)
Janice Anderson (Business Services Director)
Tom Pickerell (Technical Director to 3rd March 2017)
Mel Groundsell (Corporate Relations Director)

Business Review and Future Developments

The Statement of Comprehensive Expenditure is set out on page 32 of the accounts. The net expenditure for the year, after taxation but prior to Other Comprehensive Income gains, amounted to £1.204m (2015/16: net expenditure £1.561m).

A detailed Performance Report is set out on pages 4 to 9. The Performance Report contains a performance and financial review of the activities undertaken by Seafish during 2016/17 as well as information on future developments.

Political and Charitable Donations

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

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.

At 31 March 2017, £0.109m was owed to trade creditors representing six days purchases outstanding (31 March 2016 – six days).

Auditors

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2016/17 is £0.038m (2015/16: £0.034m). There was no non-statutory audit work undertaken by the Comptroller and Auditor General in 2016/17 or 2015/16.

Personal Data Related Incidents

No personal data related incidents requiring formal reporting to the information commissioner's office occurred during the year.

Statement of Accounting Officer's Responsibilities

Under the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004, the Secretary of State of Environment, Food and Rural Affairs has 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. The Accounting Officer confirms that the Annual Report and Accounts as a whole give a true and fair view of the state of affairs of the Sea Fish Industry Authority and of its net resource outturn, application of resources, 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.
- Prepare the accounts on a going concern basis unless it is deemed inappropriate.
- The Board and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Accounting Officer of Defra has 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 Managing Public Money published by HM Treasury 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.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance Statement

As Accounting Officer, I have the responsibility for maintaining a sound system of risk management, governance and control that supports the achievements of Seafish policies, aims and objectives, whilst safeguarding the public funds and Seafish assets for which I am responsible. I operate in accordance with the responsibilities assigned to me in Managing Public Money, issued by HM Treasury and I am also required to ensure that Seafish complies with the relevant principles and protocols outlined in the Code of Good Practice, insofar as applicable to a NDPB.

The Governance Framework of Seafish

In 2013 Seafish and the four Fisheries administrations agreed the detail of a Framework Agreement that set out the overarching arrangements for the sponsorship of Seafish and the governance and accountability arrangements between the four Fisheries Administrations (being the Department for Environment, Food and Rural Affairs (Defra), Marine Scotland, Department for Agriculture and Rural Development Northern Ireland (DARD) and the Welsh Government) and Seafish. This structure was operational throughout 2016/17.

Under the Framework Agreement, the Sponsorship Group, comprising policy directors from the four Administrations, manages the relationship with Seafish and the main sponsorship activities. Defra acts as the primary point of contact for Seafish in dealing with issues relating to sponsorship, finance, corporate governance and performance, and liaises with the other administrations as appropriate. Routine policy issues are handled through bilateral engagement between policy leads in the relevant Administrations and Seafish.

The Framework Agreement also sets out the governance structure for Seafish, including the role of the three Sector Panels providing advice to the Seafish Board on work priorities.

The Board

Ministers appoint the Seafish Board. The Board provides strategic direction and leadership; drives performance and holds the Executive to account against its corporate plans, and ensures that the Ministers are kept informed of any changes which are likely to impact on the strategic direction of Seafish.

Members of the three advisory Sector Panels are appointed by Seafish. The aim of the Panels is to enable greater representation and influence of the industry in defining Seafish work programmes. The three Panels represent the following sectors: Domestic and Exporters; Importers and Processors; Consumers and Supply Chain.

The Seafish Board agree the strategy and corporate objectives for the organisation and the Sector Panels and the Seafish Executive then develop specific strategies and costed work programmes against these objectives. The Panel Chairs attend Board meetings and provide a valuable channel of communication between Seafish, the Panel members and the wider audience.

There were eight non-executive Board Members during the year, three of whom were independent members, with the remaining five being from the seafood industry. The Board met four times during the year and all meetings were properly conducted and minuted. Minutes of the meetings provide information on what the Board has discussed throughout the year and are available on the Seafish website (<http://www.seafish.org/about-seafish/our-structure/the-board#minutes>). The Panel Chairs, the Chief Executive and two executive directors attend and participate in all Board meetings. The Board meets in closed session where appropriate.

Board Meetings

The meeting attendance records for Board members during 2016/17 are detailed in the table below:

Board Member	Possible	Attended
Brian Young (Acting Chair)	4	4
Alison Austin	4	4
Clare Dodgson	4	4
Peter Hajipieris	4	4
Mike Park	4	3
Stephen Parry	4	4
Jonathan Shepherd	4	4
James Wilson	4	3

Executive	Possible	Attended
Marcus Coleman (Chief Executive)	4	4
Janice Anderson (Business Services Director)	4	4
Tom Pickerell (Technical Director)	4	3
Mel Groundsell (Corporate Relations Director)	4	4

The Seafish Board considers standard items that include the reports from executive directors, the risk register, health and safety update, and reports from the committees and any ad hoc sub-groups. All papers presented to the Board or any of its committees are validated by the relevant executive director.

The Board concentrated on dealing with strategic matters, with any minor governance issues that were identified being delegated to ARC for consideration and feedback.

Conflicts of Interest

Board members are required to declare any direct or indirect interest in any item on the agenda before the board meeting begins. Any declaration will be noted in the minutes and the member will not take part in any deliberation or decision making process. If deemed appropriate by the Chair, they may also be asked to withdraw from the meeting during consideration of the business to which the conflict relates. There were no conflicts of interest identified in the year to 31 March 2017.

Board Effectiveness

As noted above, the Board met four times during the year and had no significant governance issues to consider. The Board was supported by the work carried out by both the ARC and the Remuneration Committee.

The role at Board meetings of the Panel Chairs was clarified in a written position agreed by Board members and Panel Chairs. In line with best practice, the Board conducted a self-assessment exercise for 2016/17 by way of an internal on line survey that covered various areas including governance arrangements, quality of information received, and audit and risk. The Board considered that the Board, as a whole, were extremely effective.

Audit and Risk Committee

The ARC was chaired by the Seafish Acting Chair and included three other non-executive members. The role of ARC is to independently contribute to the Board's overall process for ensuring that an effective internal control system is maintained.

This committee met three times during the year.

During 2016/17, this committee has:

- Considered the Annual Report and Accounts for the year to 31 March 2016.
- Reviewed the NAO's Audit Completion Report for the Annual Report to 31 March 2016 and ensured any recommendations have been acted on.
- Considered the three year Corporate Plan 2015/18 budget management and the projected reserves.
- As part of the Value for Money (VFM) strategy, considered reports that demonstrated whether VFM had been achieved. These reports demonstrated that benefits had been delivered, objectives had been met, and that the project management system was effective. In addition, an independent review concluded that the benefit: cost ratio was excellent (17:1) in relation to a major piece of work.
- Considered an internal audit of the EMFF grant claims process. This demonstrated that the Board could take substantial assurance that the controls upon which Seafish relies to manage this function are suitably designed, consistently applied and operating effectively.
- Acknowledged that there was a reliable framework of assurance in place throughout 2016/17.

The new risks identified by ARC during the year are the same as those identified by the Board, and are noted under the Risk and Control Framework.

The framework of assurance in place throughout 2016/17 has enabled ARC to continue to deliver on a significant and valuable programme of activity.

The Board and ARC were both chaired by the Acting Chair throughout 2016/17. To maintain a level of independence, a separate non-executive board member has reported the outcomes of ARC meetings to the Board.

ARC Effectiveness

In line with best practice, ARC conducted a self-assessment exercise for 2016/17 by way of an internal discussion. It was evaluated that ARC were more forward looking than the prior year and that the committee challenged each other and the Executive team as appropriate. The review outcome was that the committee worked extremely well together and was effectively chaired.

Remuneration Committee

The Remuneration Committee (RemCom) is chaired by an Independent Board Member and includes two other non-executive members. The role of the RemCom is to advise the Board on matters of staff remuneration, performance management and other systems and processes relating to staff management and welfare, attraction, retention and development of staff, which contributes to the Board's corporate role.

The RemCom met four times during the year and has:

- Carried out a rigorous review of the business case regarding a new Pay and Reward system which was successfully implemented in October 2016.
- Gave a strong endorsement to the workplace culture development programme which commenced during the year.
- Considered and approved structural changes at executive and operational level.

Significant Issues

For 2016/17 the same significant issues were noted as identified by ARC and the Board and these are noted below in the Key Risks under the Risk and Control Framework.

RemCom Effectiveness

In line with best practice, RemCom conducted a self-assessment exercise for 2016/17 by way of an internal discussion. It was agreed RemCom had focused on topics which both fell within the remit of their responsibilities and that were of importance to the effectiveness and performance of Seafish. In particular, RemCom agreed there had been significant improvement in reward and retention at Seafish. It was agreed there was clear evidence of constructive challenge by RemCom committee members, both to each other and to the Executive team at Seafish.

Risk and Control Framework

Risk Management Strategy

Seafish's risk management strategy is embedded throughout the organisation, with operational risks being identified as part of the project management system. A risk reporting culture is encouraged across the organisation to enable the identification, prioritisation and escalation of key strategic and operational risks. Seafish has a low appetite to risk, and any significant risks are escalated to the Executive for review as soon as they are identified.

Risk Environment

Seafish operates a comprehensive corporate risk register which identifies strategic and operational risk separately. Each risk is scored in terms of likelihood and impact, with mitigating actions and controls identified to reduce the risk to an agreed target score or eliminate the risk. Each risk has an assigned risk owner. To monitor changes and check progress of mitigation measures, the risk register is reviewed by the Executive on a quarterly basis, and at least twice a year by the ARC. The risk register is also reviewed by the Board at board meetings at least twice a year, and the Board carry out an in-depth review of all risks once a year. It is ARC's responsibility to assess the risks identified by the Executive team and report assessments to the Board. Both the Board and ARC monitor and control risks by reviewing risk registers and requesting Board/ARC papers to be prepared on specific risks. Challenge of the management process occurs at both Board and ARC meetings. Significant risks will go directly to the Board.

Key Risks

During 2015/16, the Board identified the following key risks:

- The Smith Commission report

The Smith Commission report recommended that the UK and Scottish Governments should work together to “consider whether to revise existing legal and practical arrangements in respect to levy raising (for example in relation to red meat and seafood)” in the section on issues that did not involve the further devolution of powers to Scotland. Further devolved powers could affect Seafish's existence as a UK wide entity. Seafish and the UK and Scottish Governments will continue to work together to identify and mitigate any potential risks associated with changes that might be made in order to deliver this recommendation.

During 2016/17 Seafish has continued to monitor this. Throughout the year Seafish has engaged in successful conversations with the UK and Scottish Governments and it has been agreed that a Seafish Scottish Advisory Committee will be established to consider the seafood issues in Scotland and the work of the Seafish Scotland team.

During 2016/17, the Board identified the following key risk:

- EU Exit

It was identified that exit from the EU posed a key risk to the organisation. Currently, 5% of Seafish income comes from the European Maritime and Fisheries Fund. This fund has been guaranteed by HMT until 2020 but it is uncertain where Seafish will obtain this type of funding post 2020. If an alternative is not obtained, this could have an effect on the delivery of the Corporate Plan.

Our goal is to work with our UK seafood stakeholders to optimise and secure business benefits from the process of the UK's exit from the EU. We will achieve this by working across the following five key areas; governance and marine management, seafood markets & trade, seafood regulations and standards, labour requirements and securing public funding.

Whistle-Blowing Policy

Seafish is committed to the highest standards of openness and accountability, and concerns about malpractice are taken very seriously. A disclosure to Seafish based on honest and reasonable suspicion that malpractice has taken or is about to take place will be protected. Employees who raise concerns reasonably and responsibly will not be penalised. Seafish has a Whistle-blowing policy to enable such concerns to be raised. Concerns may be raised with internal management, the Executive team (including the CEO). Employees have the right to go to an outside body in the first instance if they feel that it's inappropriate to raise a concern internally; they could approach any one of the Seafish Board members or a prescribed person or body as noted on the department of Business Innovation and Skills website. If an employee does not consider that the response received to their reported concern is reasonable, the policy enables them to report the matter directly to Defra. There have been no instances of whistleblowing in the year to 31 March 2017.

Information Management

The Head of Information Services is responsible for the management of information within Seafish. Information assets have been reviewed and information asset owners identified. All staff has been made aware of their responsibilities in information management and data protection. Systems to ensure the appropriate protection of data held by Seafish are in place, including systems to protect data during transport or transfer to other sites or organisations. Seafish's approach to the management of security risks is proportionate to the nature of the risks, and controls are in place to ensure that all information is handled securely. There were no reported data losses in the course of the year.

Compliance with Code of Good Practice

Seafish complies with the relevant principles and protocols outlined in the Code of Good Practice, with no known exceptions.

Seafish received no ministerial directions in 2016/17.

Conclusion

The much improved governance arrangements that were in place for the whole of 2016/17 have enabled Seafish to concentrate on more strategic matters and ensure the delivery of essential operations and services for the sea fish industry.

Parliamentary Accountability Report

The remuneration and staff report provides information on people in Seafish and sets out the entity's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors.

Remuneration Report

Remuneration Policy

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 three members, all of whom are non-executive Board Members of Seafish. Members during the year to 31 March 2017 were Clare Dodgson, Alison Austin and Peter Hajjiperis. Meetings are normally held not less than twice a year and minutes are taken at all meetings. The committee met three times during the year.

Executive Directors Remuneration

Contracts of Employment for Executive Directors

Seafish executive directors are employed on standard contracts of employment which are in line with all other employees except for notice periods where Seafish executive directors are required to give either three or six months' notice of termination of their employment. Executive directors' remuneration is by way of a fixed annual salary and benefits in kind including car benefit, medical insurance and subscriptions. As all executive directors were employed after 1 April 2006, they are members of the defined contribution scheme.

Set out below are the details of the contracts of employment for Seafish's senior executive staff as at 31 March 2017.

	Contract start date	Contract expiry date	Notice period	Unexpired term
Marcus Coleman <i>Chief Executive</i>	05/01/2016	31/12/2018	6 months	1 year 9 months
Janice Anderson <i>Business Services Director</i>	13/05/2011	Indefinite	6 months	n/a
Mel Groundsell <i>Corporate Relations Director</i>	24/02/2014	Indefinite	3 months	n/a

Remuneration of Senior Executive Staff

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. In line with the Government's pay policy, an award of 1% was made to staff for the year to March 2017.

Methods Used to Assess Whether Performance Conditions are Met

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.

Contracts of Employment for Executive Directors (subject to audit)

Set out below are details of the remuneration of Seafish's senior executive staff during the year to 31 March 2017. Benefits in kind comprise car benefit, medical insurance and professional subscriptions.

	Basic Salary		Bonus		Benefits in Kind		Pension Benefit		Total	
	(Bands of £5,000)		(Bands of £5,000)		(Nearest £100)		(£000)		(Bands of £5,000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Marcus Coleman	100-105	25-30 (FYE 105 - 110)	5-10	0	7,200	1,500	10	1	125-130	25-30 FYE (115-120)
Paul Williams	n/a	70-75 (FYE 95-100)	n/a	0	n/a	4,000	n/a	11	n/a	85-90 FYE (105-110)
Janice Anderson	80-85	80-85	0-5	0-5	5,100	4,800	8	8	100-105	100-105
Tom Pickerell	70-75 (FYE 75-80)	70-75	0	0-5	6,600	7,700	7	7	80-85 (FYE 95-100)	90-95
Mel Groundsell	75-80	65-70	0-5	0-5	5,100	4,600	2	1	85-90	75-80

Pension Scheme Particulars of Executive Directors (subject to audit)

Set out below are the Pensions Scheme particulars of Seafish's senior executive staff during the year to 31 March 2017.

	Pension Scheme Details	Employer's Contribution Rate
Marcus Coleman	Legal and General	10.0%
Janice Anderson	Legal and General	10.0%
Tom Pickerell	Legal and General	10.0%
Mel Groundsell	Legal and General	2.0%

Pension Entitlement of Executive Directors: Defined Benefit Schemes (subject to audit)

There were no Seafish executive directors who were members of a defined benefit scheme during the year to 31 March 2017.

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

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. There are currently no executive directors with a CETV.

Pension Entitlement of Executive Directors: Defined Contribution Schemes (subject to audit)

Set out below are the details of the employer's contributions made on behalf of Seafish's executive directors who were members of a defined contribution scheme during the year to 31 March 2017.

	Employer's contribution	
	For the year ended 31 March 2017 £000	For the year ended 31 March 2016 £000
Marcus Coleman	10	1
Janice Anderson	8	8
Tom Pickerell	7	7
Mel Groundsell	2	1

Relationship Between Highest Paid Director and the Median Earnings in the Workforce (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The annualised banded remuneration of the highest paid director in Seafish in 2016/17 was £115k - £120k (2015/16: £115k - £120k). This was 2.97 times (2015/16: 3.16 times) the median salary of the workforce, which was £39,569 (2015/16: £37,135). This decrease is a result of a pay and reward review increasing the median salary of the workforce. The lowest annualised salary band paid by Seafish was £20k - £25k and the highest was £110k - £115k.

In 2016/17 or 2015/16 no employee received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Non-Executive Directors' Remuneration (subject to audit)

The following table sets out details of payments made and appointment term for the Chairman, Deputy Chairman and non-executive directors:

	2016-17	2015-16		
Name and title	Salary in £5k bands £000	Salary in £5k bands £000	Date of appointment	Appointment Ends
Brian Young Acting Chair	15-20	10-15	01/04/2015	30/09/2017
Alison Austin OBE Independent Member	5-10	5-10	01/04/2015	31/03/2018
Clare Dodgson Independent Member	5-10	5-10	01/04/2012	31/03/2020
Peter Hajjieris Industry Member	5-10	5-10	01/04/2012	31/03/2020
Michael Park Industry Member	5-10	5-10	01/07/2010	31/03/2018
Stephen Parry Industry Member	5-10	5-10	01/04/2012	30/09/2017
Jonathan Shepherd Industry Member	5-10	5-10	01/04/2015	31/03/2018
James Wilson Industry Member	5-10	5-10	14/04/2009	30/09/2017
Elaine Hayes Chair to 31 December 2015	n/a	10-15 (FTE 15-20)	01/01/2013	31/12/2015

Non-executive directors receive no other payments or benefits in kind. The remuneration of non-executive directors is paid directly by Defra for agreed contractual days.

Staff Report**Staff Costs**

Employment costs for the year, including Board Members, were as follows:

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	£000	£000	£000	£000	£000	£000
Gross salaries	3,430	3,051	33	101	3,463	3,152
Social security costs	368	270	3	9	371	279
Agency staff costs	0	0	20	14	20	14
Defined contribution scheme costs	130	107	1	2	131	109
	<u>3,928</u>	<u>3,428</u>	<u>57</u>	<u>126</u>	<u>3,985</u>	<u>3,554</u>

Average Number of Persons Employed (subject to audit)

The average number of whole time equivalent staff employed by Seafish during the year is noted below.

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Research and project	63	62	2	2	65	64
Corporate services	18	17	0	0	18	17
Board Members	12	12	0	0	12	12
Panel Members	5	7	0	0	5	7
	<u>98</u>	<u>98</u>	<u>2</u>	<u>2</u>	<u>100</u>	<u>100</u>

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 Seafish element of the WYPF scheme has a total deficit (funded and non-funded) at 31 March 2017 of £9.135m (31 March 2016: deficit of £10.035m). From 1 April 2006, the WYPF scheme has not been offered to new members of staff. New starters are now 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 Seafish Pension and Life Assurance Fund (SPLAF). At 31 March 2017 the liability for SPLAF was £0.257m (2016: £0.264m). The total pension liability at 31 March 2017 is therefore £9.392m (2016: £10.299m) as per note 9f of the accounts.

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 2016/17 was seven days (2015/16: three 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.

Consultancy Costs

Seafish's consultancy cost for the year to 31 March 2017 was £0.060m, as shown in note 3 to the accounts, on page 42.

Staff Split by Gender

Seafish's total staff as at the 31 March 2017 is shown in the table below. This table includes permanent and temporary staff.

	Male	Female
Non-Executive Directors	6	2
Executive Directors	1	2
Management	7	7
Panel Members	5	0
All Other Staff	42	31
Total Staff	61	42

Exit Packages (subject to audit)

During the year to 31 March 2017, no members of staff were made redundant and no other departures were agreed.

During the year to 31 March 2016, one member of staff was made redundant at a cost of £0.005m.

Exit package cost band	31 March 2017			31 March 2016		
	Compulsory redundancies	Other departures agreed	Total exit packages by cost band	Compulsory redundancies	Other departures agreed	Total exit packages by cost band
Under £10,000	0	0	0	0	1	1
£10,001-£25,000	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0
Above £50,000	0	0	0	0	0	0
Total number of exit packages by type	0	0	0	0	1	1
Total resource cost £'000	0	0	0	0	5	5

Off-Payroll Appointments

There have been no off-payroll appointments that have occurred during the year.

The Parliamentary Accountability and Audit Report

The Parliamentary Accountability and Audit Report describes how departments are financed through the Westminster Estimates process. As Seafish are a NDGB and financed through levies, analysis of net outturn by section and reconciliation of resource outturn to net operating expenditure is not a requirement. Details regarding the regularity of expenditure are provided below.

Fees and Charges (subject to audit)

	2016-17		
	Income £000	Full Cost £000	Deficit £000
Levies collected under the Fisheries Act 1981	8,249	9,683	(1,434)

Seafish sets its levy rates with due regard to HM Treasury's Fees, Charges and Levies guidance in Managing Public Money, with the financial objective of providing value for money for industry. During the year Seafish delivered on all planned projects.

The information provided has been for fees and charges purposes and not for IFRS 8 purposes.

Losses and Special Payments (subject to audit)

There have been no losses or special payments over the limits prescribed in Managing Public Money that have occurred during the year.

Remote Contingent Liabilities (subject to audit)

Seafish have no contingent liabilities as of 31 March 2017.

Long Term Expenditure Trends (subject to audit)

Seafish's expenditure has been consistent over the past five years. The largest year to year increase was 6% (2012-13 to 2013-14) and Seafish's expenditure has increase by 6% over the five years.

M Coleman - Chief Executive
5 January 2018

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify I have audited the financial statements of the Sea Fish Industry Authority for the year ended 31 March 2017 under the Fisheries Act 1981. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, 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 and Staff Report and the Parliamentary Accountability Disclosures 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I will consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 2017 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder.

Opinion on Other Matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with the Fisheries Act 1981 and the Secretary of State directions made thereunder; and
- the information given in the Performance Report and Accountability 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 returns adequate for my audit have not been received from branches not visited by staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

12 January 2018

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements**Statement of Comprehensive Net Expenditure
For the year ended 31 March 2017**

	Note	2016-17 £000	2015-16 £000
Income			
Levy income	2a	(8,249)	(8,066)
Project income	2b	(1,379)	(1,919)
Other income	2b	(802)	(688)
Total operating income		<u>(10,430)</u>	<u>(10,673)</u>
Expenditure			
Staff costs	4	3,985	3,554
IAS 19 pension charge	9f	390	401
Other operating expenditure	3	6,966	7,974
Total operating expenditure		<u>11,341</u>	<u>11,929</u>
Net expenditure		911	1,256
Finance income		(38)	(51)
Financing expense on pension scheme assets and liabilities	9b	331	356
Net expenditure for the year		<u>1,204</u>	<u>1,561</u>
Other Comprehensive Income			
Actuarial gain on pension scheme assets and obligations	9c	(1,114)	(1,656)
Net gain on revaluation of property, plant and equipment	5	(32)	(22)
Total comprehensive net expenditure/(income) for the year		<u>58</u>	<u>(117)</u>

The notes on pages 36 to 59 form part of these accounts.

**Statement of Financial Position
As at 31 March 2017**

	Note	31 March 2017 £000	31 March 2016 £000
Non-current assets			
Property, plant and equipment	5	1,042	970
Intangible assets	6	<u>179</u>	<u>124</u>
Total non-current assets		1,221	1,094
Current assets			
Trade and other receivables	7	2,306	2,481
Cash and cash equivalents	13	<u>8,047</u>	<u>9,035</u>
Total current assets		10,353	11,516
Total assets		<u>11,574</u>	<u>12,610</u>
Current liabilities			
Trade and other payables	8	<u>(1,332)</u>	<u>(1,462)</u>
Total current liabilities		<u>(1,332)</u>	<u>(1,462)</u>
Total assets less current liabilities		10,242	11,148
Non-current liabilities			
Provisions - unfunded pension liabilities	9f	(4,050)	(3,934)
Pension liabilities	9f	<u>(5,342)</u>	<u>(6,365)</u>
Total non-current liabilities		(9,392)	(10,299)
Total assets less total liabilities		<u>850</u>	<u>849</u>
Taxpayers equity			
Revaluation reserve		121	119
General fund		6,071	7,095
Pensions reserve		(5,342)	(6,365)
Total equity		<u>850</u>	<u>849</u>

**M Coleman - Chief Executive
5 January 2018**

The notes on pages 36 to 59 form part of these accounts.

Statement of Cash Flows
For the year ended 31 March 2017

		2016-17	Restated
	Note	£000	2015-16
			£000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(911)	(1,256)
Adjustments for non-cash transactions	3	171	171
Decrease in trade receivables	7	175	1,332
Decrease in trade payables	8	(130)	(1,081)
Use of provisions		390	401
Board remuneration paid by Defra	4	59	65
Defined pension contributions paid	9f	(514)	(512)
		<u>(760)</u>	<u>(880)</u>
Net cash outflow from operating activities			
Cash flows from investing activities			
Interest received		38	51
Purchase of property, plant and equipment	5	(176)	(31)
Purchase of intangible assets	6	(90)	(139)
		<u>(228)</u>	<u>(119)</u>
Net cash outflow from investing activities			
Net decrease in cash and cash equivalents in the period		(988)	(999)
Cash and cash equivalents at the beginning of the period	13	<u>9,035</u>	<u>10,034</u>
Cash and cash equivalents at the end of the period	13	<u>8,047</u>	<u>9,035</u>

The notes on pages 36 to 59 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2017

	Note	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2015		119	7,998	(7,450)	667
Changes in taxpayers' equity for 2015/16					
Transfers between reserves		0	571	(571)	0
Actuarial gain on pension scheme assets and obligations	9c	0	0	1,656	1,656
Notional charge to Defra	4	0	65	0	65
Total net expenditure		0	(1,561)	0	(1,561)
Gain on revaluation	5	0	22	0	22
Balance at 31 March 2016		119	7,095	(6,365)	849
Balance at 1 April 2016		119	7,095	(6,365)	849
Changes in taxpayers' equity for 2016/17					
Transfers between reserves		0	91	(91)	0
Actuarial gain on pension scheme assets and obligations	9c	0	0	1,114	1,114
Notional charge to Defra	4	0	59	0	59
Total net expenditure		0	(1,204)	0	(1,204)
Gain on revaluation	5	2	30	0	32
Balance at 31 March 2017		121	6,071	(5,342)	850

Pension Reserve

The pension reserve represents the net liabilities on the West Yorkshire Pension Fund as funded by Seafish.

Revaluation Reserve

The revaluation reserve reflects the unrealised balance of revaluation adjustment to assets not taken through the Statement of Comprehensive Net Expenditure.

General Fund

The general fund represents the total assets less liabilities of Seafish, to the extent that the total is not represented by other reserves.

The notes on pages 36 to 59 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

1.1 Requirement to prepare accounts

These financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State for Environment, Food and Rural Affairs. The accounts direction requires compliance with HM Treasury's Financial Reporting Manual (FRoM) and any other guidance issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FRoM 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.

In the preparation of the financial statements, Seafish is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of income and expenditure. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecasts of future events.

The following areas represent significant judgements that Seafish has made in applying the accounting policies:

- Pension liabilities (reported in note 9). Independent and qualified actuaries assess the specific factors that influence the pension fund position such as mortality rates, the life expectancy and age of scheme members, prevailing interest and inflation rates, and projected returns on assets.
- The useful economic lives of property, plant and equipment, and intangible assets (see note 1.4).
- Within receivables there are accrued income balances relating to grants to be invoiced. These amounts are based on the project costs at the year end with the agreed grant percentage applied and a deduction for ineligible costs. There is a small element of judgement in assessing the ineligible costs.
- Within payables there are deferred income balances relating to amounts invoiced in advance of the work being carried out. These amounts are based on the percentage of uncompleted work against the income received, and there is an element of judgement assessing the stage of completion.
- Within receivables there is an amount in respect of levy debtors which is calculated using an estimation methodology as detailed in note 1.7.

1.2 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.

1.3 Property, plant and equipment

Land and buildings: the value to Seafish of land and buildings is included at fair value.

Land and buildings are valued by independent chartered surveyors every five years. A full valuation was last undertaken as at 31 March 2017. The valuation of £0.870m 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.

Expenditure in excess of £1,000 in respect of plant and equipment, and £800 in respect of computer costs, are capitalised. Expenditure below these levels may be capitalised if the criteria for initial capitalisation are met, that is if it is probable that the economic benefits will flow to Seafish, and that the cost of the expenditure can be reliably measured.

1.4 Depreciation

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

	Years
Furniture and equipment	5-10
Information technology	3
Intangible asset - software	5
Intangible asset – websites	5

Freehold buildings are depreciated over their estimated useful economic life. The buildings were valued in March 2017 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2047. Freehold land is not depreciated.

1.5 Impairment

The carrying amounts of the tangible and finite-life intangible assets are reviewed at each reporting date, and the estimated recoverable amounts of the assets are compared to their carrying amounts. If the recoverable amount is less than the carrying amount then an impairment loss is immediately recognised. The recoverable amount is the greater of the fair value, less costs to sell, and the value in use. The value in use is an estimate of the future cash flow benefits expected to derive from the asset, discounted by a rate that reflects the current market assessments of the time value for money, and the risks specific to the asset.

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.

1.6 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 an amortised historical cost basis as a proxy for fair value.

1.7 Operating income

Levy income is stated at gross. Commission paid to agents for collecting levy income is included in other expenditure.

Revenue comprises levy income received which is raised on specified sea fish products and paid on a self-billing arrangement in arrears. Seafish recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to Seafish. In seeking to apply IAS 18 – Revenue Recognition, an estimation methodology is applied which reflects historic payment profiles. Seafish 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 Seafish has no knowledge.

1.8 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at 31 March 2017. Transactions in foreign currencies are translated at the rate ruling on the date of the transaction.

All foreign exchange differences are taken to the Statement of Comprehensive Expenditure in the year in which they arise.

1.9 Leases

Costs payable under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term. There are no material assets held under finance leases.

1.10 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 material deposits, and places funds, with the exception of daily working capital, on fixed rate deposits to minimise any interest rate risk. All material assets and liabilities are denominated in Sterling so Seafish is not exposed to currency risk. Full disclosure required by IAS 32, IAS 39 and IFRS 7 is shown at note 12.

1.11 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. Seafish has reviewed the need for a contingent liability in respect of grants receivable, and does not consider this necessary.

1.12 Provisions

A provision is recognised where there is a legal or constructive obligation arising from past events, it is probable that Seafish will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Future estimated costs are only discounted if material.

Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, Seafish discloses for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote – unless disclosure of those remote liabilities is itself believed likely to increase the possibility of the liability being accrued or the value of these remote liabilities is not material. At 31 March 2017, Seafish had no contingent liabilities (31 March 2016: nil).

1.13 Corporation tax and Value Added Tax

Under a specific agreement with the HM Revenue & Customs, the liability of Seafish for 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.

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.

1.14 Staff costs

Holiday pay accrued by employees, but not taken by 31 March is provided for and included in the costs of the period.

1.15 Pensions

Seafish operates both defined benefit and contribution schemes for the benefit of employees.

i. Defined Benefit Schemes

For the defined benefit scheme, the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period to which they relate in other comprehensive income. The expected return on investment assets and the interest on liabilities are included in the finance charge and shown in the Statement of Comprehensive Net Expenditure. The current service costs are shown as the IAS 19 pension adjustment under Expenditure in the Statement of Comprehensive Net Expenditure.

More detailed information can be found in note 9 to the accounts.

ii. Defined Contribution Schemes

Employees that joined Seafish after 1 April 2006 are eligible to join the defined contribution scheme administered by Legal and General Group. The amount charged as expenditure for this scheme represents the contributions payable by Seafish for the relevant accounting period.

1.16 Impending application of newly issued accounting standards not yet effective

All International Reporting Standards (IFRS), Interpretations and Amendments to Published Standards, effective at March 2017, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

Seafish has reviewed the IFRSs in issue but not yet effective, to determine if there is a requirement to make any disclosures. None are thought to be of significant impact to Seafish in 2016/17 and no disclosures have been made.

2. Income**(a) Levy Income**

The following is the levies collected under the Fisheries Act 1981.

	2016-17	2015-16
	£000	£000
Levies collected under the Fisheries Act 1981	8,249	8,066
	<u>8,249</u>	<u>8,066</u>

(b) Project and Other Income

	2016-17	2015-16
	£000	£000
Project income		
EU	533	840
Non EU	846	1,079
	<u>1,379</u>	<u>1,919</u>
Other income		
Commercial income	713	683
VAT recovery	67	5
Service charges	22	0
	<u>802</u>	<u>688</u>
Total	<u>2,181</u>	<u>2,607</u>

3. Other Expenditure

Details of Seafish expenditure is made up as follows:

	2016-17	2015-16
	£000	£000
Project Activities		
EU	846	1,370
Non EU	3,550	4,586
	<u>4,396</u>	<u>5,956</u>
Commercial Activities		
EU	0	0
Non EU	265	222
	<u>265</u>	<u>222</u>
Location costs	974	494
Professional fees	93	26
Motor vehicle costs	86	102
Other administration costs	125	124
Travel and subsistence	114	120
Staff training and recruitment	200	196
Consultancy spend	60	100
Repairs and maintenance	34	23
Computing costs	149	148
Decrease in receivables impairment	(1)	(5)
Auditors remuneration	38	34
Operating lease rental	254	253
Taxation	8	10
	<u>2,134</u>	<u>1,625</u>
Non-cash items		
Depreciation and amortisation	130	171
Impairment charges	41	0
	<u>171</u>	<u>171</u>
Total other expenditure	<u>6,966</u>	<u>7,974</u>

4. Staff Costs

Employment costs for the year, including Board Members, were as follows:

	2016-17	2015-16
	£000	£000
Gross salaries	3,463	3,152
Social security costs	371	279
Agency staff costs	20	14
Defined contribution scheme costs	131	109
	<u>3,985</u>	<u>3,554</u>

The salaries of the non-executive directors are paid by Defra. The amount paid by Defra during the year to 31 March 2017 amounted to £0.059m (2016: £0.065m), and is included as a notional cost in gross salaries above.

5. Property, Plant and Equipment

	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2016	165	695	229	318	1,407
Revaluations	2	8	0	0	10
Additions	0	42	88	46	176
Disposals	0	0	(2)	0	(2)
Impairments	0	(41)	0	0	(41)
At 31 March 2017	167	704	315	364	1,550
Depreciation					
At 1 April 2016	0	0	203	234	437
Revaluations	0	(22)	0	0	(22)
Charge for year	0	23	18	54	95
Disposals	0	0	(2)	0	(2)
Impairments	0	0	0	0	0
At 31 March 2017	0	1	219	288	508
Net book value					
At 31 March 2017	167	703	96	76	1,042

Seafish land and buildings are offices in Edinburgh. The office was surveyed and valued by Cushman and Wakefield, independent Chartered Surveyors as at 31 March 2017 in accordance with the RICS Appraisal and Valuation Manual. This valuation at fair value is incorporated in Seafish accounts.

Continuing annual financial commitments in respect of short leaseholds are disclosed in note 12. 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.

5. Property, Plant and Equipment (continued)

	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2015	165	695	239	389	1,488
Revaluations	0	0	0	0	0
Additions	0	0	6	25	31
Disposals	0	0	(16)	(96)	(112)
At 31 March 2016	165	695	229	318	1,407
Depreciation					
At 1 April 2015	0	0	208	252	460
Revaluation	0	(22)	0	0	(22)
Charge for year	0	22	11	78	111
Disposals	0	0	(16)	(96)	(112)
At 31 March 2016	0	0	203	234	437
Net book value					
At 31 March 2016	165	695	26	84	970

6. Intangible Assets

	Software £000	Websites £000	Total £000
Cost or valuation			
At 1 April 2016	282	12	294
Additions	87	3	90
Disposals	0	0	0
At 31 March 2017	369	15	384
Amortisation			
At 1 April 2016	170	0	170
Charged in year	33	2	35
Disposals	0	0	0
At 31 March 2017	203	2	205
Net book value at 31 March 2017	166	13	179

Intangible assets comprise software licenses and intranet, all of which are owned by Seafish.

	Software £000	Websites £000	Total £000
Cost or valuation			
At 1 April 2015	306	0	306
Additions	127	12	139
Disposals	(151)	0	(151)
At 31 March 2016	282	12	294
Amortisation			
At 1 April 2015	261	0	261
Charged in year	60	0	60
Disposals	(151)	0	(151)
At 31 March 2016	170	0	170
Net book value at 31 March 2016	112	12	124

7. Trade Receivables and Other Current Assets

	31 March 2017	31 March 2016
	£000	£000
Amounts falling due within one year		
Trade receivables	149	334
Provision for impairment of trade and levy receivables	0	0
Levy receivables	1,432	1,689
Prepayments	257	274
Accrued Income	130	184
EU accrued income	338	0
	<u>2,306</u>	<u>2,481</u>

An analysis of the ageing of the unimpaired trade receivables is shown below:

	31 March 2017	31 March 2016
	£000	£000
Trade receivables		
Less than one month	149	307
More than one month less than three months	0	17
More than three months	0	10
	<u>149</u>	<u>334</u>

There are no trade receivables due after more than one year.

8. Trade Payables and Other Current Liabilities

	31 March 2017	31 March 2016
	£000	£000
Amounts falling due within one year		
Bank overdraft	0	204
Trade payables	109	121
Accruals	952	781
Deferred income	95	143
PAYE and social security	95	79
VAT	40	81
Corporation tax	8	10
Pensions contributions payable	33	43
	<u>1,332</u>	<u>1,462</u>

There are no payables due after more than one year.

9. Pension Scheme Arrangements

(a) Information on the Schemes

West Yorkshire Pension Fund (WYPF)

Seafish are a member of a pension scheme providing defined benefits for employees based on final pensionable salary. The assets and liabilities of the scheme are held within the West Yorkshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

The scheme is split into:

i.) Funded

Seafish contributes in respect of the pension obligations to employees employed before 1 April 2006 when the scheme was closed to new entrants. The contribution rates are advised by independent actuaries and the fund is actuarially valued every three years. The total provision in respect of this part of the scheme is shown as pension liabilities, under non-current liabilities in the Statement of Financial Position.

ii.) Non-funded: West Yorkshire Pension Fund (WYPF)

Provision is made, on actuarial advice, in respect of obligations arising for supplemental commitments and indexation thereon of certain categories of ex-employees of Seafish. The total of provision in respect of this liability is included in Provisions – non-funded pension liabilities, under non-current liabilities in the Statement of Financial Position.

The latest formal triennial actuarial valuation of Seafish's liabilities took place as at 31 March 2016. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The defined benefits obligation represents the amount of money that needs to be set aside now to meet the benefits that the employer is committed to provide for service up to the 31 March 2017 on the basis of the assumptions used.

Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pension Scheme Regulations 2013" and "The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014". The unfunded pension arrangements relate to termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme under the Local Government (Early Termination of Employment)(Discretionary Compensation)(England and Wales) Regulations [and Teachers' Pension Scheme].

The Fund Administering Authority, City of Bradford Metropolitan District Council, is responsible for the governance of the Fund.

The assets shown are an estimate of Seafish's notional share of the total fund assets as at 31 March 2017. Seafish's notional share of assets is assumed to be invested in the same proportion as the Fund as a whole within the different asset classes. Seafish employs a block building block approach in determining a rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2017.

There are no unusual, entity-specific or plan-specific risks to note, nor is there any significant concentrations of risk within the scheme.

Seafish Pension and Life Assurance Fund (SPLAF)

In addition to the WYPF, Seafish provisionally operated an independently invested and administered scheme on behalf of the former Herring Industry Board employees: the Seafish Pension and Life Assurance Fund (SPLAF). This scheme was closed to new members, was fully paid up, and was formally wound up on 31 May 1999. The annuities that had been established to cover the basic pension rights of the existing pensioners will be met by Aviva. Seafish will continue to meet the indexation costs associated with basic pension rights. The total of provision in respect of this liability is included in Provisions – non-funded pension liabilities, under non-current liabilities in the Statement of Financial Position.

The reporting of the pension adjustments below refers to the above categories as Funded, Non-funded, and SPLAF.

9. Pension Scheme Arrangements (continued)**(b) Amounts Charged to Statement of Comprehensive Net Expenditure**

	Funded	Non-	SPLAF	Total
	2017	funded	2017	2017
	£000	£000	£000	£000
Interest cost	(1,394)	(118)	(8)	(1,520)
Expected return on plan assets	1,189	0	0	1,189
Financing expense on pension scheme assets	(205)	(118)	(8)	(331)
Current service cost	(390)	0	0	(390)
Past service cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total expense recognised in SoCNE	(595)	(118)	(8)	(721)

	Funded	Non-	SPLAF	Total
	2016	funded	2016	2016
	£000	£000	£000	£000
Interest cost	(1,385)	(120)	(9)	(1,514)
Expected return on plan assets	1,158	0	0	1,158
Financing expense on pension scheme assets	(227)	(120)	(9)	(356)
Current service cost	(401)	0	0	(401)
Past service cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total expense recognised in SoCNE	(628)	(120)	(9)	(757)

9. Pension Scheme Arrangements (continued)**(c) Amounts Charged to Statement of Comprehensive Net Expenditure**

	Funded 2017	Non- funded 2017	SPLAF 2017	Total 2017
	£000	£000	£000	£000
Actuarial gains on liabilities	(5,088)	(225)	(8)	(5,321)
Remeasurement losses on assets	6,435	0	0	6,435
	<u>1,347</u>	<u>(225)</u>	<u>(8)</u>	<u>1,114</u>

	Funded 2016	Non- funded 2016	SPLAF 2016	Total 2016
	£000	£000	£000	£000
Actuarial gains on liabilities	2,564	191	12	2,767
Remeasurement gains on assets	(1,111)	0	0	(1,111)
	<u>1,453</u>	<u>191</u>	<u>12</u>	<u>1,656</u>

(d) Movements in the Fair Value of Scheme Assets

	Funded 2017	Non- funded 2017	SPLAF 2017	Total 2017
	£000	£000	£000	£000
At 1 April 2016	36,690	0	0	36,690
Expected return on scheme assets	1,189	0	0	1,189
Contributions by the employer	271	220	23	514
Contributions by participants	112	0	0	112
Remeasurement gains on assets	6,435	0	0	6,435
Benefits/transfers paid	(1,732)	(220)	(23)	(1,975)
At 31 March 2017	<u>42,965</u>	<u>-</u>	<u>-</u>	<u>42,965</u>

	Funded 2016	Non- funded 2016	SPLAF 2016	Total 2016
	£000	£000	£000	£000
At 1 April 2015	38,044	0	0	38,044
Expected return on scheme assets	1,158	0	0	1,158
Contributions by the employer	260	228	24	512
Contributions by participants	124	0	0	124
Remeasurement losses on assets	(1,111)	0	0	(1,111)
Benefits/transfers paid	(1,785)	(228)	(24)	(2,037)
At 31 March 2016	<u>36,690</u>	<u>-</u>	<u>-</u>	<u>36,690</u>

9. Pension Scheme Arrangements (continued)**(e) Movements in the Present Value of Defined Benefit Obligation**

	Funded	Non- funded	SPLAF	Total
	2017	2017	2017	2017
	£000	£000	£000	£000
At 1 April 2016	43,055	3,670	264	46,989
Current service cost	390	0	0	390
Interest cost	1,394	118	8	1,520
Contributions by participants	112	0	0	112
Actuarial gains on experience	(1,050)	(128)	(10)	(1,188)
Actuarial losses on financial assumptions	7,242	383	23	7,648
Actuarial gains on demographics	(1,104)	(30)	(5)	(1,139)
Benefits/transfers paid	(1,732)	(220)	(23)	(1,975)
At 31 March 2017	<u>48,307</u>	<u>3,793</u>	<u>257</u>	<u>52,357</u>

	Funded	Non- funded	SPLAF	Total
	2016	2016	2016	2016
	£000	£000	£000	£000
At 1 April 2015	45,494	3,969	291	49,754
Current service cost	401	0	0	401
Interest cost	1,385	120	9	1,514
Contributions by participants	124	0	0	124
Actuarial gains on experience	(540)	(68)	(5)	(613)
Actuarial gains on financial assumptions	(2,024)	(123)	(7)	(2,154)
Actuarial (gains)/ losses on demographics	0	0	0	0
Benefits/transfers paid	(1,785)	(228)	(24)	(2,037)
At 31 March 2016	<u>43,055</u>	<u>3,670</u>	<u>264</u>	<u>46,989</u>

9. Pension Scheme Arrangements (continued)**(f) Analysis of the Movement of the Deficit in the Year**

	Funded 2017	Non- funded 2017	SPLAF 2017	Total 2017
	£000	£000	£000	£000
Deficit at the start of the year	(6,365)	(3,670)	(264)	(10,299)
Contributions by the employers	271	220	23	514
Current service cost	(390)	0	0	(390)
Past service cost	0	0	0	0
Actuarial gains/(losses)	1,347	(225)	(8)	1,114
Interest cost	(1,394)	(118)	(8)	(1,520)
Expected return on scheme assets	1,189	0	0	1,189
Benefits/transfers paid	0	0	0	0
Total	(5,342)	(3,793)	(257)	(9,392)

	Funded 2016	Non- funded 2016	SPLAF 2016	Total 2016
	Restated	Restated	Restated	Restated
	£000	£000	£000	£000
Deficit at the start of the year	(7,450)	(3,969)	(291)	(11,710)
Contributions by the employers	260	228	24	512
Current service cost	(401)	0	0	(401)
Past service cost	0	0	0	0
Actuarial gains/(losses)	1,453	191	12	1,656
Interest cost	(1,385)	(120)	(9)	(1,514)
Expected return on scheme assets	1,158	0	0	1,158
Benefits/transfers paid	0	0	0	0
Total	(6,365)	(3,670)	(264)	(10,299)

9. Pension Scheme Arrangements (continued)**(g) Assumptions**

The adoption of the CPI rather than the RPI as the basis for calculating future pension payment increases has been used as one of the principal assumptions to calculate different scheme liabilities from 1 April 2011 onwards. This is in accordance with IAS 19 and as required by HM Treasury. The accounting treatment was adopted by all central Government entities where RPI had been used for inflation indexing for many years.

The most recent actuarial valuation of the fund was to March 2016. The principal assumptions used by the independent qualified actuary in updating this valuation were:

31 March 2017	Funded	Non-funded	SPLAF
Rate of inflation (RPI)	3.1%	3.1%	3.1%
Rate of inflation (CPI)	2.0%	2.0%	2.0%
Rate of increase in salaries	3.3%	N/A	N/A
Rate of increase in pensions	2.0%	2.0%	2.0%
Discount rate	2.5%	2.5%	2.5%
Mortality tables	1992 (PMA and PFA)		
31 March 2016	Funded	Non-funded	SPLAF
Rate of inflation (RPI)	2.8%	2.8%	2.8%
Rate of inflation (CPI)	1.7%	1.7%	1.7%
Rate of increase in salaries	3.2%	N/A	N/A
Rate of increase in pensions	1.7%	1.7%	1.7%
Discount rate	3.3%	3.3%	3.3%
Mortality tables	1992 (PMA and PFA)		

9. Pension Scheme Arrangements (continued)**(g) Assumptions (continued)****Scheme assets**

31 March 2017	Funded	Non-funded	SPLAF	Total
Equities	77.2%	77.2%	N/A	77.2%
Government bonds	10.1%	10.1%	N/A	10.1%
Other bonds	3.9%	3.9%	N/A	3.9%
Property	4.3%	4.3%	N/A	4.3%
Cash/liquidity	1.2%	1.2%	N/A	1.2%
Other	3.3%	3.3%	N/A	3.3%

Scheme assets

31 March 2016	Funded	Non-funded	SPLAF	Total
Equities	75.6%	75.6%	N/A	75.6%
Government bonds	10.3%	10.3%	N/A	10.3%
Other bonds	4.6%	4.6%	N/A	4.6%
Property	4.9%	4.9%	N/A	4.9%
Cash/liquidity	1.3%	1.3%	N/A	1.3%
Other	3.3%	3.3%	N/A	3.3%

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. The assumed future life expectancies are as follows:

	Funded WYPF		Unfunded WYPF		SPLAF	
	31-Mar-17 Years	31-Mar-16 Years	31-Mar-17 Years	31-Mar-16 Years	31-Mar-17 Years	31-Mar-16 Years
Male currently aged 65	22.1	22.7	22.1	22.7	22.1	22.7
Female currently aged 65	25.2	25.6	25.2	25.6	25.2	25.6
Male currently aged 45	23.0	24.9	n/a	n/a	n/a	n/a
Female currently aged 45	27.0	28.0	n/a	n/a	n/a	n/a

(h) Sensitivity Analysis

IAS 1 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out on the following page. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

9. Pension Scheme Arrangements (continued)

Change in Assumption	Approximate % increase in employer liability	Approximate monetary amount (£'000)
0.1% decrease in discount rate	1.5%	705
One year increase in member life expectancy	3.0%	1,466
0.1% increase in salary increase rate	0.2%	77
0.1% increase in pension increase rate	1.3%	628

i) Maturity Profile

	Funded £000	Non- funded £000	SPLAF £000	Total £000
Expected benefit payments made during 2017/18	1,767	224	23	2,014
Expected benefit payments made during 2018/19	1,802	229	24	2,055
Expected benefit payments made during 2019/20	1,838	233	24	2,095
Expected benefit payments made during 2020/21	1,875	238	25	2,138
Expected benefit payments made during 2021/22	1,912	243	25	2,180
Expected benefit payments 2022/23 to 2026/27	10,151	1,289	135	11,575

10. 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. Seafish currently have no contingent rent, no terms for renewal and no restrictions imposed by the lease arrangements for the below, such as those concerning dividends, additional debt, and further leasing.

	31 March 2017 £000	31 March 2016 £000
Buildings:		
Not later than one year	104	104
Later than one year and not later than five years	15	129
Later than five years	0	25
	<u>119</u>	<u>258</u>
Other:		
Not later than one year	95	112
Later than one year and not later than five years	162	57
Later than five years	0	0
	<u>257</u>	<u>169</u>

11. Financial Commitments

Commitments relating to refurbishment of buildings owned by Seafish.

	31 March 2017	31 March 2016
	£000	£000
Not later than one year	0	487
Later than one year and not later than five years	0	0
Later than five years	0	0
	<u>0</u>	<u>487</u>

12. 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 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.

Interest Rate Risk

Seafish has material deposits, and places funds, with the exception of daily working capital on fixed rate deposits to minimise any interest rate risk. All material assets and liabilities are denominated in sterling so Seafish is not exposed to currency 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 and the Royal Bank of Scotland.

Foreign Currency Risk

Seafish has no foreign currency income or foreign currency expenditure other than in Euros and Danish and Norwegian Kroner. All material assets and liabilities are denominated in Sterling. Seafish is therefore not exposed to any significant foreign currency risk.

Fair Values

As per IFRS 13, the fair values of financial assets and financial liabilities for Seafish equates to their book values and are categorised as level 1.

13. Cash and Cash Equivalents

	31 March 2017	31 March 2016
	£000	£000
Balance at 1 April	9,035	10,034
Net change in cash and cash equivalent balances	(988)	(999)
Balance at 31 March	8,047	9,035
The following balances at 31 March were held at:		
Commercial banks and cash in hand	4,045	5,032
Short term investments	4,002	4,003
Balance at 31 March	8,047	9,035

The short term investments represent funds placed on fixed deposit for 95 days.

14. Related Party Transactions

Seafish is an Executive NDPB of Defra which is regarded as a related party. During the year Seafish has had a number of material transactions with other entities for which the Department is regarded as the parent Department, such as the Marine Management Organisation.

In addition, Seafish has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Government, Welsh Government and the Department of Agriculture and Rural Development (in Northern Ireland).

Seafish was involved in the following related party transactions during the year. All payments were made by 31 March 2017 unless otherwise stated:

Board Member Stephen Parry is:

- A Board Member of Fisheries Innovation Scotland which was paid £100,000.
- A Member of the Technical Advisory Board at Marine Stewardship Council which was paid £200 and from whom Seafish received £780.

Board Member Mike Park is:

- A Board Member of Fisheries Innovation Scotland which was paid £100,000.
- A Trustee/Director of Scottish Fishermen's Federation Services which was paid £10,000 by Seafish.
- A Group Chairman of Scottish Fisheries Sustainable Accreditation Group which was paid £9,000 by Seafish.

Board Member Jonathan Shepherd is:

- A Director of Bluetail Consulting Ltd which was paid £311.70 by Seafish.

15. Events After the Reporting Period

Issue of Accounts

In accordance with the requirements of IAS 10, events after 31 March 2017 are considered up to the date on which the accounts are authorised for issue. The authorised for issue date is the date of the Comptroller and Auditor General's audit report.

Material Events

There were no other material events after the reporting date that requires disclosure or adjustment to the financial statements.

