

# **The Sea Fish Industry Authority**

## **ANNUAL REPORT & ACCOUNTS 2017/18**

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

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## Performance Report

### Chief Executive Statement

These Annual Accounts reflect an organisation that is managing its affairs with the rigour and diligence expected of a Non Departmental Public Body.

This year has been a pivotal year for Seafish. It marked the conclusion of our Corporate Plan for 2015-18 and the development and approval of our new Corporate Plan covering the next three years ahead to 2021. It was very pleasing to see all the key deliverables in the 2015-2018 Corporate Plan come to fruition on time and under budget. Our managers at Seafish should be proud of their achievements in this regard.

The development of a new Seafish Corporate Plan comes at just the right time for the UK Seafood industry. It is crucial for Seafish to be able to adapt and respond to the changing requirements of its many stakeholders. Through the rigorous development process involving all three of our industry sector panels it has been possible to take stock, understand where the real challenges lie and set a course for the three years ahead.

The key difference realised through this new Corporate Plan is Seafish's stated intent to preserve a greater degree of flexibility throughout the plan period. While there is a clear framework of intent, there is nevertheless adequate opportunity for the organisation to listen to the voices of industry and make adjustments as demand dictates.

I would like to thank everyone involved in the development of the new Corporate Plan. I believe it provides an optimistic, aspirational and positive outlook for the future and is a framework that everyone in

the UK seafood industry can stand behind and help drive forward.

This Corporate Plan has been created during the most turbulent, uncertain and unpredictable times that the industry has encountered in decades. Despite this uncertainty, our industry stakeholders have been clear about their desire to see the UK seafood industry unite behind a common belief in their world class seafood products.

Our three industry sector panels have set out their priorities. They have identified the key challenges that their organisations are facing. They have asked Seafish to do what it does best and help show everyone that seafood is the way forward. This is our purpose as an organisation. We know that seafood is the way forward for business, the way forward for our communities, the way forward for the environment and the way forward for our personal health and wellbeing.



**Marcus Coleman**  
**Chief Executive**

## 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 purpose, strategy, high level objectives and organisational structure during the year.
- A balanced and comprehensive analysis of the development and performance of Seafish during the financial year. Including the financial positions at the year end.
- Notable highlights and key performance indicators (KPIs) for Seafish's Operational and Corporate Relations Divisions.
- Key operational issues and risks.
- The main trends and factors likely to affect the future development, performance and position of the business.
- Seafish's sustainability reporting.

Key governance risks are discussed in the Governance Statement on page 29. Seafish have identified two key risks that could affect the entity delivering our Corporate Plan - the Smith Commission report and EU Exit. The accounts have been prepared on a going concern basis.

## Seafish Purpose

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 Public Body (NDPB).

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.

## High Level Objectives

Our mission is delivered through three high level objectives:

### 1. Promote Consumption

A sustainable increase in the consumption of seafood is one of our primary concerns because without consumer demand, there would be no industry to support. Our work to get more people eating more fish more often is shared between our marketing and communications teams, with strong support from our international work programme, which helps exporters deliver their goods to market, and our regional teams, which help spread Seafish value across the UK.

### 2. Enhance Reputation

The UK seafood industry has a lot to be proud of and can rightly claim to be leading the world in developing innovative solutions to the challenges of sourcing and supplying seafood. Our work to enhance reputation is twofold: to support our industry partners to make informed and responsible decisions; and to work with the media to help ensure the industry is better understood. In both strands of work, industry partnership is key.

### 3. Inform Decisions

Accurate, timely data to inform decision making is the foundation of a successful industry and the basis of all our Seafish work. As the authority on seafood, we pride ourselves on the quality of the data we provide and we will continue to work with all stakeholders to ensure they have access to the information they need.

## Organisational Structure

To ensure the above objectives are addressed effectively, Seafish is split into four divisions; Business Services (overseen by the Finance Director), Corporate Relations, Operations and Human Resources. The performance of teams under the Corporate Relations and Operations divisions are reported on page 9 and page 12. The director leading each division and the divisional teams are demonstrated in the following organisational structure.



## Performance Analysis

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. A Delivery Report Animation has been published highlighting our key achievements, and this is available at: <https://www.youtube.com/watch?v=1Ls3DsulKIY>.

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

A review of Seafish's financial performance is shown below, followed by a review on the performance of the Corporate Relations and Operations divisions. This will include the notable highlights, performance against KPIs, upcoming issues that the teams are expecting to face and any non-financial information including social matters, respect for human rights, anti-corruption and anti-bribery matters.

## Financial Performance

### Review of Financial Results for the Year

Seafish achieved a surplus of £0.113m compared to a deficit of £0.058m for 2016/17. The main reasons for this £0.171m movement were:

	2017/18 £'000	2016/17 £'000	Movement £'000	Reason for Movement
Levy Income	(8,459)	(8,249)	(210)	Levy increase by 2.5%. This is in line with normal annual variations and there are no mitigating circumstances for this movement.
Project Income	(1,680)	(1,379)	(301)	Due to an increase in grants received from the European Maritime Fisheries Fund (EMFF) as a result of a greater uptake in our Fishing Safety activities.
Project Expenditure	4,094	4,396	(302)	Decrease is due to the phasing of costs across our three year Corporate Plan. For example, the majority of costs for the Strategic Investment Programme occurred 2016/17, resulting in a decrease in expenditure of £0.248m in 2017/18.
Overheads	1,496	2,134	(638)	Decrease is mainly due to 2016/17 containing the refurbishment costs of the Edinburgh office. This has added meeting room facilities which are freely available for levy payers to use.
Staff Costs	4,138	3,985	153	Increase is due to a 1% pay rise and the addition of three staff.
Actuarial pension loss/(gain)	9	(1,114)	1,123	The main contributing factor to the decrease is £6.119m decrease in the re-measurement gain on scheme assets. This is offset against a smaller decrease of £4.996m for the actuarial losses on the scheme liabilities.

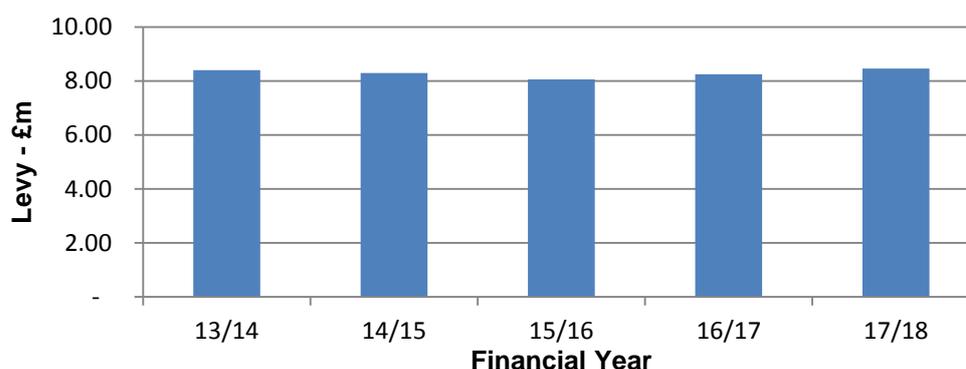
## Review of the Financial Position as at 31 March 2018

After covering all of its liabilities, Seafish had net assets of £0.963m at 31 March 2018 (2017: £0.850m). This increase of £0.113m was caused by the overall surplus for the year, together with the notional income from Defra and gain on the revaluation of the land and building. The key balance sheet movements are as follows.

	2017/18	2016/17	Movement	
	£'000	£'000	£'000	Reason for Movement
Trade and other receivables	3,132	2,306	826	Due to an increase in EMFF claims outstanding and an increase in levy debtors. EMFF claims remain outstanding as Seafish have had to submit budget modifications to original applications which have delayed payments. Accruals relating to this have increased by £0.515m in 2017/18. This issue is in the process of being rectified and should be resolved early in the new financial year. Levy debtors have increased as a result of there being greater days outstanding for a number of the larger payers.
Cash and cash equivalents	7,475	8,047	(572)	Cash has decreased as a result of trade and other receivables increasing meaning less cash has been received at the bank and debts are higher. As mentioned above, an increase in outstanding EMFF claims are the key driver for the movement.
Pension liability	(9,454)	(9,392)	(62)	Pension Liabilities increased as a result of the employers' contributions of £0.629m being offset by an actuarial loss of £0.009m, the IAS 19 charge of £0.455m and the financing expense of £0.227m.

## Levy Income

Seafish's total levy income for 2017/18 was £8.459m. This is an increase of £0.210m on 2016/17 and represents 78% of total income. There has not been a change in the rate of levy since 1999 so any variance in levy is a result of variations on volumes or categories of landed or purchased fish by levy payers. The below graph demonstrates that levy has shown very little fluctuation across the last five years, with the largest year on year variation being this year's 3%.



## **Corporate Relations Performance**

### **Marketing and Communications**

Multiple campaigns were run throughout the year aimed at achieving our high level objective of promoting consumption of sea fish. The initiatives involved included:

#### National Fish and Chip Awards

One of the key flagship activities, Seafish ran the 30<sup>th</sup> annual National Fish and Chip Awards in 2017-18. Fish and chip businesses are appraised and judged on a wide variety of criteria ranging from sustainable sourcing practices, customer service, hygiene and staff training, and most importantly, the quality of their fish and chips. The media activity undertaken by Seafish in relation to the awards generates publicity for the fish and chip sector. The 2018 campaign cumulative reach<sup>1</sup> was 96,000 people for every £1 of media spend.

#### Seafood Week

Seafood Week is a national week of promotion and engagement around seafood in the UK. 2017 was another successful event with the cumulative reach being 240m people who were targeted through a range of marketing and PR activities. Sales of seafood during the week reached £143m, an increase of £10m from the previous year's campaign.

#### Fish is the Dish

This is a digital engagement campaign to support all Seafish consumer campaigns. The campaign website, Fishisthedish.co.uk showed a 27% increase in website traffic when compared to 2016/17. Comparisons with the prior year also showed 35% growth in individual webpage viewings and 40% growth in individual health webpage viewings.

### **Market Insight**

Working directly with the ports sector and other supply chain companies, we have successfully developed a Responsible Fishing Ports Standard for large fishing ports. This will lead the way to establishing and developing consistency in good practice across the UK fishing ports sector. This includes modules to protect workers and the environment.

In 2017/18, more people have been engaged in our areas of work including industry issues groups and market insight activities. This increased to just over 2,100 stakeholders receiving relevant information each calendar month. Stakeholders attending our issues group meetings recorded in excess of an 80% satisfaction target.

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<sup>1</sup> Marketing cumulative reach is defined as the total number of different people exposed, at least once, to a medium during a given period.

Our multi-disciplinary work on social responsibility covers issues in the seafood supply chain, worker rights and welfare. We have continued to provide guidance and advice to the seafood sector, through the production of a range of guides and practical tools to help businesses understand how to navigate these complex and challenging issues. Our Tools for Ethical Seafood Sourcing website has continued to develop as a one-stop shop for seafood businesses who want to identify and resolve issues in their supply chain. This has been promoted widely and utilised by more stakeholders across the world during the year. We have also continued to provide a platform for collaboration for seafood businesses, policy, NGOs and charities through our Seafood Ethics Common Language Group. Our online resources have increased; we are providing more guides and information on a wide range of integrity issues including human rights and product standards.

### **Horizon Scanning and Long-Term issues**

Through active horizon scanning, Seafish aims to support industry in 'being prepared' for future issues, while also improving the awareness of longer term issues and understanding of the implications and options for action.

Seafish horizon work involves regularly sweeping the seafood horizon for potential future issues and risks to industry, maintaining live risk maps for the seafood industry, and identifying and understanding priority risk developments. Priority risks are those considered to have significant industry impact, either as positive (opportunities) or negative (threats) impacts.

Priority risks are subject to deep review. Reviews investigate the key drivers of the priority risk, major industry impacts arising from the priority risk whilst taking into account the wider protein context, and suggest industry and Seafish response.

In 2017/18 horizon scanning involved;

- Updated industry risk map for 2017/18 showing over 260 risk items and identifying those showing stronger risk signal.
- A deep review of the UK seafood supply base and how this may change towards 2030 was undertaken.
- The Horizon Scanning team participated in the UN Conference of the Parties on Climate change 2017 as a panelist discussing food security and climate change. This was at the invitation of the Food and Agriculture Organisation.

## **International Trade**

Work programmes provide assistance to UK seafood exporting companies in developing trade in agreed export markets. This year pavilions and/or information stands were arranged at China Fisheries in Qingdao, Japan Seafood Expo in Tokyo, Seafood Expo North America in Boston and Seafood Expo Global in Brussels. These platforms allowed Seafish access to the agreed export markets. Additionally, a mackerel promotional event was arranged for March 2018 in nearly 100 Aeon Supermarkets throughout Japan. This has resulted in a permanent listing of mackerel sourced from Scotland in Aeon's premium range.

## **Regions**

Seafish deploy regional teams across the UK to coordinate and deliver support to stakeholders by working throughout the supply chain to assist in competitive performance and quality practices to enhance the global reputation of the industry. This year saw established Advisory Committees in Northern Ireland, Wales and South West England joined by the newly formed Scottish Seafish Advisory Committee. The Scottish Committee met for the first time in January 2018. These committees connect Seafish to the local industry and guide the work in their regions.

Notable highlights of the year include a number of seminars, workshops and information days being delivered. This included the Humber Seafood Summit, the Scottish Market Insight Seminar as well as careers fairs in Grimsby, Fraserburgh and Edinburgh. Seafish also ensured a presence at the Balmoral Show in Northern Ireland in May 2017 and the July 2017 Dorset Seafood Festival.

Fishermen's Safety Committees have been established in both Wales and Northern Ireland and a project to equip all commercial fishermen in Wales with Personal Floatation Devices with 100% external funding has commenced.

In Northern Ireland, working with the Department of Agriculture, Environment and Rural Affairs (DAERA), scientists and industry, we produced a report on alternatives to the proposed marine conservation zones in the Irish Sea. The alternatives offered similar conservation and environmental benefits but with a much reduced economic impact on the local industry and communities.

## **Operations Performance**

### **Responsible Sourcing**

The Seafish Responsible Fishing Scheme (RFS) is a voluntary vessel based programme certifying high standards of crew welfare and responsible catching practices on fishing vessels. A milestone was passed throughout the year as the 100th vessel was certified. As of 31st March 2018, 106 vessels had been certified against our annual KPI target of 200. This figure represents 27% of UK landings and there are another 40 vessels in application at the yearend.

The Technology programme provides information, training and expert technical support to enable improvements within the catching sector, to reduce the impacts of the impending landing obligation, and facilitate improvements in the efficiency, selectivity and environmental credentials of activities. Seafish's gear technology database (which contains information on a wide range of fishing gears used in commercial fisheries in the UK and EU) was populated with 75 Gear Type and Selectivity Device profiles and ten technical information pages through the year. An annual KPI of training 30 fishermen in gear technology and selectivity was exceeded as 50 fishermen attended courses.

### **Economics**

Seafish's Economics Team had three key work programmes throughout the financial year.

**Economic Data Collection** – Seafish collected financial, operational and strategic information from the UK fishing fleet and fish processing industry to ensure the UK complies with the EU's Data Collection Framework. Last year marked the first collection of a UK-wide fleet labour survey, a major pilot for the Data Collection Framework.

**Economics Analysis and Evidence** – after collecting the data, we use this to develop models and publish key information and evidence bases relating to industry economics. This included presenting the UK Seafood Trade Report to Defra and Scottish Government, presenting Conservation Credit Scheme case study at National Oceanic and Atmospheric Administration bycatch workshop and reporting on the first survey of UK processing sector labour nationality.

**Economic Advice** – Seafish uses its expertise and evidence bases to deliver appropriate economic advice to industry and government. Throughout the year this included publishing Best Practice Guidance on economics gear trials and progressing to the planning stages of developing a working group with ICES (International Council for the Exploration of the Sea).

## **Safety and Training**

### Marine Survey

This work programme provides the catching sector with a safety construction standard for vessels less than 24 metres registered length, along with providing associated survey and advisory services. The last year has seen 94 new fishing vessels built to Seafish construction standards, 55 inspections of existing vessels whose owners wanted to register for commercial fishing and 16 consultancy inspections for fishing vessel modifications. An annual target of 200 inspections was not met this year (165 inspections completed) due to the decision to withdraw from undertaking existing vessel inspections for the Maritime and Coastguard Agency as of 30 November 2017. The upcoming year is likely to see an increase in demand for new fishing vessels and it will be a challenging year for Seafish, and the ship builders, to meet demand and keep all the business within the UK market.

### Kingfisher

The Kingfisher service charts and broadcasts information to improve fishing safety around man-made structures and activities. Biannual hazard updates were supplied to fishermen along with fortnightly bulletins and frequent social media alerts detailing the safety information. In March 2017-18 a successful European Maritime and Fisheries Fund grant application has enabled Kingfisher to increase its services to include the mapping of Marine Protected Areas, alerting fishermen when they are in close proximity to these areas. The plotting of the ever-increasing number of offshore wind farm developments is an important issue for the future of Kingfisher. We believe that it is essential that information on offshore wind farms continues to be integrated into our Kingfisher service, especially once they become operational and fishing activities permitted again.

### Fishermen's Training

Seafish operates a statutory function to provide fishermen with basic safety training. In addition there is encouragement to undertake additional training to gain advanced knowledge and skills to enhance industry safety. An annual KPI of providing 8,000 training spaces to commercial fishermen was surpassed in the last year.

Seafish continue to contribute to the work of the Fishing Industry Safety Group (FISG) and to the development of its 10-year strategy to Eliminate Preventable Deaths in the Fishing Industry. In addition to this, 4,500 Personal Floatation Devices were distributed to commercial fishermen and six port safety roadshows were delivered across the UK. The key metric for success in this area is for there to be zero deaths attributed to poor working practices. There was a period of 12 months with zero deaths attributed to poor working practices (between September 2016 and September 2017). Regrettably, eight fishermen have lost their lives between September 2017 and March 2018.

**Regulation**

Seafish's Regulation team is tasked with working with all stakeholders to achieve proportionate regulation and communicate our work to stakeholders (reducing red tape within the industry). Key notable highlights of the team include close cooperation with seafood importers and the Food Standards Agency (FSA) in the Seafish/British Frozen Food Federation importer forum. The information shared through this forum forewarned of supply problems from India, Vietnam and Brazil, giving industry time to source alternative products. Seafish also worked with Indian authorities to improve compliance with EU regulations and prevent an EU ban. The team also works closely with Defra on issues such as potential non tariffs barriers in trading with the EU as a non EU country and the impact of changes to the US Marine Mammal Protection Act to businesses exporting to the US.

## **Key Operational Issues and Risks**

Seafish recognise the uncertainty of the Smith Commission report and the EU Exit as its two key governance risks and more information on these is available in the Governance Statement on page 29. In addition to these, the following issues are highlighted in reference to the operational risks of Seafish.

### General Data Protection Regulation (GDPR)

From the 25th May 2018 Seafish is required to comply with the EU GDPR. GDPR will harmonise data privacy laws across Europe and provides greater protection and rights to individuals. As a controller and processor of personal data, Seafish is subject to the new regulations. Many of the GDPR's main concepts and principles are largely the same as those in the Data Protection Act (1998). However, there are significant new elements and enhancements which have required Seafish to perform specific compliance activities for the first time.

To ensure compliance Seafish has established a GDPR working group and appointed a Data Protection Officer (DPO). This working group contains a spread of staff from across the organisation. The group's remit has been to review the Information Commissioners Office (ICO) published guidelines and ensure compliance across the organisation. This has included GDPR awareness and training for staff, new policies and procedures and setting up and reviewing a register of all personal identifiable information that Seafish hold.

### Cyber Security

There continues to be an increased cyber threat with well-publicised attacks on other public bodies such as the "WannaCry" attack on the NHS in May 2017. This was a Ransomware attack but other common examples of cyber-attacks include phishing, malware and distributed denial-of-service (DDoS). A cyber security breach could result in a loss of sensitive information, financial loss from fraud and reputational damage to Seafish.

Anti-virus software is installed on all IT equipment and is updated in-line with the recommended patch levels. The biggest threat to a security breach is through the organisation's staff as "social engineering" (manipulation of people into performing actions or divulging confidential information) is used to bypass security. Limiting staff exposure to malicious cyber threats and raising awareness of the risk is vital.

### Fraud

Like all public sector bodies, external fraud provides Seafish with an ever present risk. There are increasing instances of sophisticated fraud attempts on public bodies and an increasing variety of attacks as cybercrime advances. Threats range from creditor fraud to procurement fraud. A successful fraud attempt has the potential to leave Seafish at a financial loss, lose the confidence of external stakeholders and lower the organisation's morale. Robust internal controls and deterrents are in place as preventative measures and we will continue to work with our Audit and Risk Committee to limit our risk to all fraud threats.

## Future Strategic Direction

Seafish's new Corporate Plan will create our rallying cry, 'Seafood is the way forward'. The aim is to unite the industry behind a common purpose and build a common voice. So whatever challenges are faced across trading, safety and skills, consumption or sustainability, our vision of a truly thriving seafood industry will be realised.

At Seafish, we will use our unique position, right at the heart of the seafood industry, to work in partnership with our stakeholders to make a difference on the issues and challenges that matter most. From 2018 to 2021, we are committed to enabling transformative change which will foster a thriving seafood sector. Our aspiration is:

- To help our seafood stakeholders identify, optimise and secure business benefits from the process of the UK's exit from the EU, while successfully responding to the difficulties that such change will inevitably bring.
- To facilitate the doubling of seafood consumption in the UK to two portions per person a week, which will in turn contribute to significant financial, social and health benefits across the UK.
- To support efforts to eradicate all preventable fatalities and injuries at sea and onshore, and to assist the seafood sector to benefit from best-in-class skilled labour, supported by high quality training.
- To work in partnership with seafood stakeholders to secure the broad supply base required by UK industry, and to support the responsible sourcing and supply chain integrity demanded by UK consumers.
- To ensure UK seafood businesses can draw upon the expert advice, knowledge, insight and data they need to inform decisions to deliver increased business prosperity.

At Seafish we aspire to be the best we possibly can in terms of serving our stakeholders. This starts with our talented and experienced expert staff and we are committed to creating the best possible conditions in which they can apply themselves to their work. In 2017/18 Seafish completed the Best Companies Times 100 accredited engagement programme and were awarded an entry level accreditation in the Not For Profit Companies category as a 'Ones to Watch' organisation. It is a notable achievement to secure this level of accreditation at the first time of application and our staff survey response rate was exceptional at 90.59%.

We will continue to benchmark staff engagement and satisfaction by re-surveying our staff with Times 100 Best Companies in 2019, with the aim of securing a place in the Top 100 Best Companies Not for Profit list.

## Sustainability

This is the second 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. The total mileage incurred in this financial year has decreased by 9% on last year. This is as a result of staff being encouraged to reduce non-essential travel through the use of video conferencing, conference calls and webinars. This is an area that Seafish is continually looking to reduce. Seafish's car leasing policy also restricts the choice of cars to those with CO2 emissions of 110g/km or below to reduce the amount of CO2 emissions being emitted into the environment.

	Year ended 31 March 2018			Year ended 31 March 2017		
	Expenditure £	Measure	Tonnes CO2	Expenditure £	Measure	Tonnes CO2
<b>Scope 2: Energy indirect</b>						
Electricity (kWh)	8	51,885	21	7	54,978	23
Gas (kWh)	6	214,711	40	3	99,402	18
<b>Scope 3: Other indirect emissions</b>						
Air Travel (m)	49	79,533	22	64	101,430	28
Rail Travel (m)	73	163,040	8	96	210,200	10
Travel by non-owned transport (m)	126	254,434	48	131	236,011	44
Water supply (m3)	7	126	0	7	161	0
Waste management (tonnes)	5	7	2	5	9	1
<b>Total</b>	<b>274</b>		<b>141</b>	<b>313</b>		<b>124</b>

Limiting factors still exist this year when compiling the sustainability data. These are listed below:

- 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 2018-19.

**Marcus Coleman – Chief Executive**  
**5 September 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. 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.

#### **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 2018, the panels met two 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 (Chair)  
                                 Alison Austin  
                                 Clare Dodgson

Industry:                Peter Hajipieris  
                                 Mike 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 2017/18:

Marcus Coleman (Chief Executive from 5<sup>th</sup> January 2016)  
Declan Byrne (Finance Director from 1<sup>st</sup> April 2017)  
Linsey Neill (Human Resources Director from 1<sup>st</sup> April 2017)  
Aoife Martin (Operations Director from 3<sup>rd</sup> July 2017)  
Debbie Cook (Corporate Relations Director from 4<sup>th</sup> December 2017)  
Ursula O'Brien (Temporary Human Resources Director from 22<sup>nd</sup> January 2018)  
Janice Anderson (Business Services Director to 31<sup>st</sup> July 2017)  
Mel Groundsell (Corporate Relations Director to 31<sup>st</sup> August 2017)

## **Business Review and Future Developments**

The Statement of Comprehensive Net Income is set out on page 43 of the accounts. The net income for the year, after taxation but prior to Other Comprehensive Income gains, amounted to £0.100m (2016/17: net expenditure £1.204m).

A detailed Performance Report is set out on pages 4 to 17. The Performance Report contains a performance and financial review of the activities undertaken by Seafish during 2017/18 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 Payables**

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 2018, £0.080m was owed to trade payables representing five days purchases outstanding (31 March 2017 – six days).

**Auditors**

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2017/18 is £0.039m (2016/17: £0.038m). There was no non-statutory audit work undertaken by the Comptroller and Auditor General in 2017/18 or 2016/17.

**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.

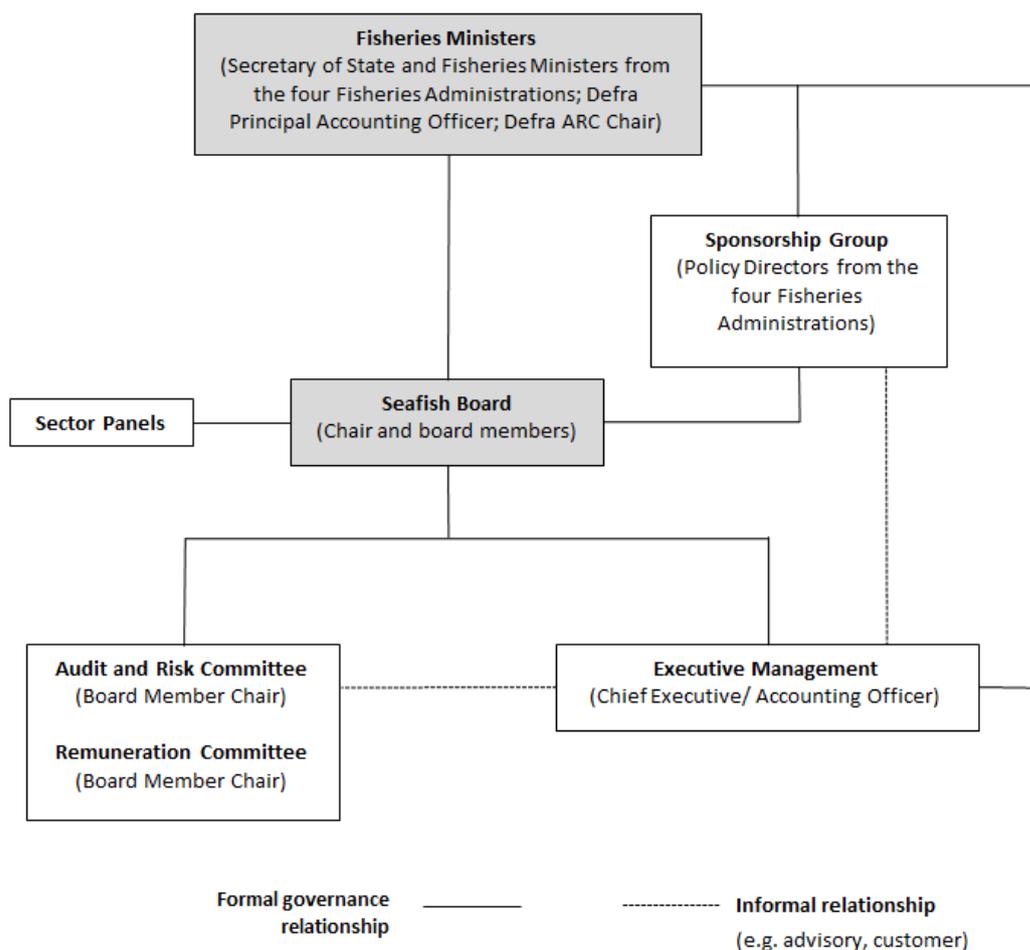
The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

## 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. Seafish are required to operate in accordance with the responsibilities assigned in Managing Public Money, issued by HM Treasury and are also required to ensure compliance 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 of Agriculture, Environment and Rural Affairs Northern Ireland (DAERA) and the Welsh Government) and Seafish. This structure was operational throughout 2017/18 and is demonstrated in the below diagram.



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.

After serving as the Acting Chair of the Board since 1<sup>st</sup> January 2016, it was confirmed in March 2018 that Brian Young will become the Seafish Chair as of 1<sup>st</sup> April 2018.

## Board Meetings

The meeting attendance records for Board members during 2017/18 are detailed in the table below:

Board Member	Possible	Attended
Brian Young (Chair)	4	4
Alison Austin OBE	4	3
Clare Dodgson	4	4
Peter Hajpieris	4	2
Mike Park	4	4
Stephen Parry	4	4
Jonathan Shepherd	4	4
James Wilson	4	3

Executive – as at 31 <sup>st</sup> March 2018	Possible	Attended
Marcus Coleman (Chief Executive)	4	4
Declan Byrne (Finance Director)	4	4
Linsey Neill ( Human Resources Director) <sup>2</sup>	2	2
Aoife Martin (Operations Director)	3	3
Debbie Cook (Corporate Relations Director)	2	2
Ursula O'Brien (Temporary HR Director) <sup>3</sup>	1	1

Former Executive – as at 31 <sup>st</sup> March 2018	Possible	Attended
Janice Anderson (Business Services Director)	1	1
Mel Groundsell (Corporate Relations Director)	1	1

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 the Audit and Risk Committee (ARC) for consideration and feedback. Examples of issues considered by ARC are shown on page 26.

## 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 2018.

<sup>2</sup> Human Resources Director's statutory maternity leave started 27 March 2018.

<sup>3</sup> Temporary HR Director started 22 January 2018 for the handover period.

**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.

In line with best practice, the Board conducted a self-assessment exercise for 2017/18. This was by way of an internal online survey that covered various areas including governance arrangements, the work of the Board (strategy, performance, audit and risk), composition and culture and the quality of information received. Overall, the Board considered itself extremely effective and it was strongly agreed that the board papers were of good quality as they were relevant, well presented and gave clear indication of what was required of the Board. The Board agreed that there was a good understanding of the roles and responsibilities of individual members, including compliance with the corporate governance in central government departments: code of good practice.

**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.

Due to the financial expertise available, the Board and ARC were both chaired by the Acting Chair throughout 2017/18. To maintain a level of independence, a separate non-executive board member has reported the outcomes of ARC meetings to the Board. It was a temporary arrangement whilst Brian Young was the Acting Chair. With confirmation of Brian Young filling the role of Seafish Chair, Seafish will look to another Board member to chair ARC going forward.

This committee met three times during the year.

During 2017/18, this committee has:

- Considered the Annual Report and Accounts for the year to 31 March 2017.
- Reviewed the NAO's Audit Completion Report for the Annual Report to 31 March 2017 and ensured any recommendations have been acted on.
- Reviews the results an internal audit of the new Levy System. 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.
- Reviewed the management of and how to mitigate the risk of the West Yorkshire Pension Fund liability.

- 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. Reports involved were End of Project Reviews, an independent valuation of the Strategic Investment Programme and Lessons Learned from our work on VFM over the duration of the Corporate Plan.
- Updates on key operational risks including cyber security, GDPR and Fraud.
- Reviewed the recently introduced Assurance Map. This map provides an organisational wide snapshot of operational risks that can give the CEO extra assurance that our Risk Management System is robust.

The framework of assurance in place throughout 2017/18 has enabled ARC to continue to deliver on a significant and valuable programme of activity.

### **ARC Effectiveness**

In line with best practice, ARC conducted a self-assessment exercise for 2017/18 by way of review of an Annual Report and internal discussion. It was evaluated that ARC had collectively delivered on a significant and valuable programme of activity, and ARC is therefore in a position to recommend to the Board and the Accounting Officer that the reliable framework of assurance in place at the end of 2016/17 has been further improved in 2017/18.

### **Internal Audit**

Seafish had previously appointed a Head of Internal Audit via a competitive tendering process. The appointed firm undertook the majority of functions expected of an internal audit service during 2017/18, including an internal audit, attending ARC meetings and inputting to the internal assurance programme. However, a change in the letter of engagement conditions meant that the firm were not officially appointed as Head of Internal Audit for 2017/18. Due to this, Seafish has not had in place an internal audit service which meets compliance with the Public Sector Internal Audit Standards (PSIAS) during 2017/18. Consequently, our current arrangements are non-compliant with the requirements of Managing Public Money, which are outlined in the Seafish Accounting Officer delegation letter and Seafish framework document. Despite the non-compliance issue, Seafish believe there to be no overall impact on the governance as an internal audit programme was followed and the aforementioned appointed firm did liaise appropriately with ARC and contribute to ARC meetings. Seafish are working with the Defra Group Chief Internal Auditor to introduce compliant procedures. This will entail a new competitive tendering process. The winning tenderer will officially be appointed Seafish's Head of Internal Audit and will work with ARC to deliver the 2018/19 internal audit programme.

### **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:

- Considered and approved structural changes at executive and operational level.
- Approved and ensured oversight of a development programme to support the embedding and formation of the executive team.
- Reviewed the activities of the Health & Safety Committee over the year.
- Received regular reports on the staffing structure to ensure it remained appropriate to the business needs of Seafish.
- Regularly maintained a forward look to the organisational staffing and culture needs in light of the new Corporate Plan commencing in April 2018, particularly the need for flexibility and agility in the Seafish workforce.

### **RemCom Effectiveness**

In line with best practice, RemCom conducted a self-assessment exercise for 2017/18 by way of review of an Annual Report and internal discussion. It was agreed that the committee had operated effectively over the last year and made a positive impact. RemCom focussed on topics which both fell within the remit of their responsibilities and that were of importance to the effectiveness and performance of Seafish. The committee were satisfied that sound advice and assurance had been provided to the Board throughout the year.

### **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. 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

Seafish have two key recognised risks regarding the governance of the organisation. Below is a summary of these risks along with details of the financial year they were identified and what Seafish has done to monitor and mitigate the risks since. These risks are present on Seafish's risk registers which are reviewed and monitored as described in the section above.

### 1. The Smith Commission report

During 2015/16, the Board identified The Smith Commission report as a key risk. 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.

Seafish has continued to monitor the risk. In 2018, the Scottish Seafish Advisory Committee was established. With representation from a variety of sectors within the Scottish seafood industry, the role of the committee is to provide guidance and direction, as well as formulate proposals for levy investment in Scotland.

### 2. EU Exit

During 2016/17, the Board identified key uncertainties related to the UK's exit of the EU. Currently, 6% 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. To ensure the delivery of the Corporate Plan is not affected, Seafish will need to identify alternative sources of funding.

The scope of Seafish's work has become more as the UK's relationship with the EU changes. EU Exit has the potential to bring new opportunities and benefits to the fishing industry. While seeking these opportunities Seafish must ensure our resources are managed effectively while continuing to fulfil our remit, as well as potentially extending our remit.

Seafish is focused on helping the seafood sector identify, optimise and secure business benefits from the process of the UK's exit from the EU. Our programme of work during 2018/19 will concentrate on the following five key areas: 1: Governance and Marine Management, 2: Seafood Markets and Trade, 3: Seafood Regulations and Standards, 4: Labour Requirements and 5: Accessing 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 2018.

## **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 Corporate Governance in Central Government Departments: Code of Good Practice**

Seafish complies with the relevant principles and protocols outlined in the Code of Good Practice. However, in 2017/18 there was an exceptional non-compliant internal audit issue. This is detailed on page 27.

Seafish received no ministerial directions in 2017/18.

## **Conclusion**

Seafish have continued to improve assurances presented to the Board, ARC and RemCom during 2017/18. This has included supplementing the existing assurance framework with the introduction of an organisational assurance map which details; operational risks by department, the controls in place and any remedial measures that require implementation.

A non-compliant internal audit arrangement (as described on page 27) has been recognised during 2017/18 and Seafish are currently working with the Defra Group Chief Internal Auditor to comply.

Overall, Seafish had effective governance arrangements in place for the financial year of 2017/18. The three committees of the Board, ARC and RemCom have clearly defined roles that provide effective governance and insight into the organisation.

## 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 2018 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 two 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 one, 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 2018.

	Contract Start Date	Contract Expiry Date	Notice Period	Unexpired Term
Marcus Coleman Chief Executive	05/01/2016	31/12/2018	3 months	9 months
Declan Byrne Finance Director	01/04/2017	Indefinite	3 months	n/a
Debbie Cook Corporate Relations Director	04/12/2017	Indefinite	1 month	n/a
Aoife Martin Operations Director	03/07/2017	Indefinite	3 months	n/a
Linsey Neill Human Resources Director	01/04/2017	Indefinite	3 months	n/a
Ursula O'Brien Temporary HR Director	22/01/2018	28/02/2019	1 month	11 months

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 2018.

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 2018. 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)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Marcus Coleman	100-105	100-105	5-10	5-10	7,900	7,200	10	10	125-130	125-130
Declan Byrne	60-65	n/a	0-5	n/a	800	n/a	6	n/a	70-75	n/a
Linsey Neill	60-65	n/a	0-5	n/a	6,900	n/a	6	n/a	75-80	n/a
Aoife Martin	50-55 (FYE 70-75)	n/a	0-5	n/a	0	n/a	3	n/a	55-60 (FYE 75-80)	n/a
Debbie Cook	25-30 (FYE 75-80)	n/a	n/a	n/a	0	n/a	3	n/a	25-30 (FYE 80-85)	n/a
Janice Anderson	25-30 (FYE 80-85)	80-85	n/a	0-5	1,500	5,100	3	8	30-35 (FYE 85-90)	100-105
Mel Groundsell	30-35 (FYE 75-80)	75-80	n/a	0-5	2,200	5,100	1	2	35-40 (FYE 80-85)	85-90
Ursula O'Brien	10-15 FYE (70-75)	n/a	n/a	n/a	n/a	n/a	1	n/a	15-20 FYE (75-80)	n/a
Tom Pickerell	n/a	70-75 (FYE 75-80)	n/a	0	n/a	6,600	n/a	7	n/a	80-85 (FYE 95-100)

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 2018.

	Pension Scheme Details	Employer's Contribution Rate
Marcus Coleman	Legal and General	10.0%
Declan Byrne	Legal and General	10.0%
Linsey Neill	Legal and General	10.0%
Aoife Martin	Legal and General	4.7% <sup>4</sup>
Debbie Cook	Legal and General	10.0%
Janice Anderson	Legal and General	10.0%
Mel Groundsell	Legal and General	2.0%
Ursula O'Brien	Legal and General	10.0%

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 2018.

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.

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<sup>4</sup> Average rate during the year.

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 2018.

	For the year ended 31 March 2018 £000	For the year ended 31 March 2017 £000
Marcus Coleman	10	10
Declan Byrne	6	n/a
Linsey Neill	6	n/a
Aoife Martin	3	n/a
Debbie Cook	3	n/a
Janice Anderson	3	8
Mel Groundsell	1	2
Ursula O'Brien	1	n/a
Tom Pickerell	n/a	7

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 2017/18 was £115k - £120k (2016/17: £115k - £120k). This was 2.92 times (2016/17: 2.97 times) the median salary of the workforce, which was £40,261 (2016/17: £39,569). This small decrease relates to different employees receiving a bonus payment from the prior year. This has increased the median salary by more than the standard one percent. The lowest annualised salary band paid by Seafish was £20k - £25k and the highest was £115k - £120k.

In 2017/18 or 2016/17 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:

Name and title	2017-18 Salary in £5k bands £000	2016-17 Salary in £5k bands £000	Date of appointment	Appointment end date
<b>Brian Young</b> Chair	15-20	15-20	01/04/2015	31/03/2021
<b>Alison Austin OBE</b> Independent Member	5-10	5-10	01/04/2015	31/03/2021
<b>Clare Dodgson</b> Independent Member	5-10	5-10	01/04/2012	31/03/2018
<b>Peter Hajjieris</b> Industry Member	5-10	5-10	01/04/2012	31/03/2020
<b>Mike Park</b> Industry Member	5-10	5-10	01/07/2010	31/03/2018
<b>Stephen Parry</b> Industry Member	5-10	5-10	01/04/2012	31/03/2018
<b>Jonathan Shepherd</b> Industry Member	5-10	5-10	01/04/2015	31/03/2021
<b>James Wilson</b> Industry Member	5-10	5-10	14/04/2009	31/03/2018

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 (subject to audit)**

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

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000	£000	£000
Gross salaries	3,534	3,430	84	53	3,618	3,483
Social security costs	374	368	3	3	377	371
Defined contribution scheme costs	142	130	1	1	143	131
	<u>4,050</u>	<u>3,928</u>	<u>88</u>	<u>57</u>	<u>4,138</u>	<u>3,985</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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Research and project	62	63	3	2	65	65
Corporate services	21	18	0	0	21	18
Board Members	13	12	0	0	13	12
Panel Members	5	5	0	0	5	5
	<u>101</u>	<u>98</u>	<u>3</u>	<u>2</u>	<u>104</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 2018 of £9.211m (31 March 2017: deficit of £9.135m). 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 2018 the liability for SPLAF was £0.243m (2017: £0.257m). The total pension liability at 31 March 2018 is therefore £9.454m (2017: £9.392m) 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 2017/18 was five days (2016/17: seven 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 2018 was £0.009m, as shown in note 3 to the accounts, on page 53.

**Staff Split by Gender**

Seafish's total staff as at the 31 March 2018 is shown in the table below. This table includes permanent and temporary staff.

	Male	Female
Non-Executive Directors	6	2
Executive Directors	2	4
Management	6	4
Panel Members	5	0
All Other Staff	35	34
<b>Total Staff</b>	<b>54</b>	<b>44</b>

**Gender Pay Gap**

Seafish's gender pay gap reporting as at the 31 March 2018 is shown below.

Average gender pay gap as a mean average	-0.1%
Average gender pay gap as a median average	10.5%
Average bonus gender pay gap as a mean average	14.8%
Average bonus gender pay gap as a median average	2.8%

The proportion of males receiving a bonus payment was 21.4% and the proportion of females receiving a bonus payment was 30.2%.

The proportion of males and females when divided into four groups ordered from lowest to highest pay are as follows.

Quartile	1	2	3	4
<b>Female</b>	68%	37%	37%	52%
<b>Male</b>	32%	63%	63%	48%

**Exit Packages (subject to audit)**

During the year to 31 March 2018, no members of staff were made redundant and no other departures were agreed.

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

**Off-Payroll Appointments**

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

**Trade Union Facility Time**

In accordance with the requirements of the Trade Union (Facility Time Publication requirements) Regulations 2017 the following is a summary of trade union officials of employees and facility time usage of this group during the 2017–18 year.

Seafish had one employee that was a Trade Union (TU) representative. The employee spent up to 2 percent of their working hours on facility time. The total cost of the facility time was £1,181 which is 0.03% of the total pay bill and equates to the total spent on paid TU activities. As there is only one TU, a notional cost based on the average of the TU's pay grade has been used to calculate the facility costs to ensure there is no disclosure of sensitive information.

## 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 NDPB 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)

	2017-18		
	Income £000	Full Cost £000	Deficit £000
Levies collected under the Fisheries Act 1981	8,459	8,462	(3)

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 2018.

### Long Term Expenditure Trends (subject to audit)

Seafish's expenditure has been consistent over the past five years. The largest year to year variance was a decrease of 6% (2016-17 to 2017-18) and Seafish's expenditure has decreased by 6% over the five years. The aforementioned 6% decrease is explained in more detail in the Financial Performance section of this report on page 7.

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

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

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Seafish Industry Authority for the year ended 31 March 2018 under the Fisheries Act 1981. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Seafish Industry Authority's affairs as at 31 March 2018; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects the income and expenditure 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.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Seafish Industry Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board 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.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine, certify and report on the financial statements in accordance with the Fisheries Act 1981.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Seafish Industry Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Seafish Industry Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

**Other Information**

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Fisheries Act 1981;
- in the light of the knowledge and understanding of Seafish Industry Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in 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 my staff; or
- the financial statements and the parts of the Accountability Report 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**  
**Comptroller and Auditor General**

**September 2018**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**Financial Statements****Statement of Comprehensive Net Income  
For the year ended 31 March 2018**

	Note	2017-18 £000	2016-17 £000
<b>Income</b>			
Levy income	2a	(8,459)	(8,249)
Project income	2b	(1,680)	(1,379)
Other income	2b	(773)	(802)
Total operating income		<u>(10,912)</u>	<u>(10,430)</u>
<b>Expenditure</b>			
Staff costs	4	4,138	3,985
IAS 19 pension charge	9f	455	390
Other operating expenditure	3	6,018	6,966
Total operating expenditure		<u>10,611</u>	<u>11,341</u>
Net expenditure		(301)	911
Finance income		(26)	(38)
Financing expense on pension scheme assets and liabilities	9b	227	331
Net (income)/expenditure for the year		<u>(100)</u>	<u>1,204</u>
<b>Other Comprehensive Income</b>			
Actuarial (gain)/loss on pension scheme assets and obligations	9c	9	(1,114)
Net gain on revaluation of property, plant and equipment	5	(22)	(32)
Total comprehensive net (income)/expenditure for the year		<u>(113)</u>	<u>58</u>

The notes on pages 47 to 70 form part of these accounts.

**Statement of Financial Position**  
**As at 31 March 2018**

	Note	31 March 2018 £000	31 March 2017 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	996	1,042
Intangible assets	6	<u>200</u>	<u>179</u>
Total non-current assets		1,196	1,221
<b>Current assets</b>			
Trade and other receivables	7	3,132	2,306
Cash and cash equivalents	12	<u>7,475</u>	<u>8,047</u>
Total current assets		10,607	10,353
<b>Total assets</b>		<u>11,803</u>	<u>11,574</u>
<b>Current liabilities</b>			
Trade and other payables	8	<u>(1,386)</u>	<u>(1,332)</u>
Total current liabilities		<u>(1,386)</u>	<u>(1,332)</u>
<b>Total assets less current liabilities</b>		10,417	10,242
<b>Non-current liabilities</b>			
Provisions - unfunded pension liabilities	9f	(3,946)	(4,050)
Pension liabilities	9f	<u>(5,508)</u>	<u>(5,342)</u>
Total non-current liabilities		(9,454)	(9,392)
<b>Total assets less total liabilities</b>		<u>963</u>	<u>850</u>
<b>Taxpayers equity</b>			
Revaluation reserve		124	121
General fund		6,347	6,071
Pensions reserve		(5,508)	(5,342)
<b>Total equity</b>		<u>963</u>	<u>850</u>

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

The notes on pages 47 to 70 form part of these accounts.

**Statement of Cash Flows**  
**For the year ended 31 March 2018**

	Note	2017-18 £000	2016-17 £000
<b>Cash flows from operating activities</b>			
Net operating income/(expenditure)	SoCNE	301	(911)
Adjustments for non-cash transactions	3	130	171
(Increase)/decrease in trade receivables	7	(826)	175
Increase/(decrease) in trade payables	8	54	(130)
Use of provisions	9f	455	390
Board remuneration paid by Defra	4	0	59
Defined pension contributions paid	9f	(629)	(514)
		<u>(515)</u>	<u>(760)</u>
<b>Cash flows from investing activities</b>			
Interest received		26	38
Purchase of property, plant and equipment	5	(23)	(176)
Purchase of intangible assets	6	(60)	(90)
		<u>(57)</u>	<u>(228)</u>
<b>Net decrease in cash and cash equivalents in the period</b>		(572)	(988)
<b>Cash and cash equivalents at the beginning of the period</b>		12 <u>8,047</u>	<u>9,035</u>
<b>Cash and cash equivalents at the end of the period</b>		12 <u>7,475</u>	<u>8,047</u>

The notes on pages 47 to 70 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2018

	Note	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 1 April 2016</b>		119	7,095	(6,365)	849
<b>Changes in taxpayers' equity for 2016/17</b>					
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
<b>Balance at 31 March 2017</b>		<u>121</u>	<u>6,071</u>	<u>(5,342)</u>	<u>850</u>
<b>Balance at 1 April 2017</b>		121	6,071	(5,342)	850
<b>Changes in taxpayers' equity for 2017/18</b>					
Transfers between reserves		0	166	(166)	0
Actuarial loss on pension scheme assets and obligations	9c	0	(9)	0	(9)
Total net income		0	100	0	100
Gain on revaluation	5	3	19	0	22
<b>Balance at 31 March 2018</b>		<u>124</u>	<u>6,347</u>	<u>(5,508)</u>	<u>963</u>

### 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 Income.

### 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 47 to 70 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 2018. 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	3-4
Intangible asset - software	5
Intangible asset – websites	5

Freehold buildings are depreciated over their estimated useful economic life. The buildings were valued in March 2018 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2048. 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 of commission. 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 2018. 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 Income on a straight line basis over the lease term. There are no 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.

### 1.13 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 2018, Seafish had no contingent liabilities (31 March 2017: nil).

#### 1.14 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.

#### 1.15 Staff costs

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

#### 1.16 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 Income. The current service costs are shown as the IAS 19 pension adjustment under Expenditure in the Statement of Comprehensive Net Income.

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.

#### 1.17 Impending application of newly issued accounting standards not yet effective

All International Reporting Standards (IFRS), Interpretations and Amendments to Published Standards, effective at March 2018, 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.

IFRS 15 – Revenue from Contracts with Customers has been effective from 1 January 2018 and Seafish will be adopting this from 1 April 2018. IFRS 15 has not been applied in this Annual Report but will affect an element of Seafish's project income in 2018/19. Levy, Seafish's main source of income, will not be affected and, therefore, Seafish does not expect there to be any material effect on the 2018/19 income figures caused by IFRS 15.

IFRS 9 – Finance Instruments has been effective from 1 January 2018 and Seafish will be adopting this from 1 April 2018. As Seafish do not own any financial instruments, it is unlikely that this will have any effect on the financial statements.

IFRS 16 – Leases comes into effect on 1st January 2019. Seafish will adopt this from 1st April 2019 meaning it will have no effect on the 2018/19 accounts. We will undertake work to consider its impact on the 2019-20 financial statements

## 2. Income

### (a) Levy Income

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

	<b>2017-18</b>	<b>2016-17</b>
	£000	£000
Levies collected under the Fisheries Act 1981	8,459	8,249
	<u>8,459</u>	<u>8,249</u>

### (b) Project and Other Income

	<b>2017-18</b>	<b>2016-17</b>
	£000	£000
<b>Project income</b>		
EU	686	533
Non EU	994	846
	<u>1,680</u>	<u>1,379</u>
<b>Other income</b>		
Commercial income	722	713
VAT recovery	9	67
Service charges	42	22
	<u>773</u>	<u>802</u>
<b>Total</b>	<u>2,453</u>	<u>2,181</u>

**3. Other Expenditure**

Details of Seafish expenditure is made up as follows:

	<b>2017-18</b>	<b>2016-17</b>
	£000	£000
Project Activities		
EU	1,184	846
Non EU	2,910	3,550
	<u>4,094</u>	<u>4,396</u>
Commercial Activities		
EU	0	0
Non EU	298	265
	<u>298</u>	<u>265</u>
Location costs	412	974
Professional fees	123	93
Motor vehicle costs	77	86
Other administration costs	110	125
Travel and subsistence	105	114
Staff training and recruitment	192	200
Consultancy spend	9	60
Repairs and maintenance	31	34
Computing costs	143	149
Increase/ (decrease) in bad debt provision	4	(1)
Auditors remuneration	39	38
Operating lease rental	246	254
Taxation	5	8
	<u>1,496</u>	<u>2,134</u>
Non-cash items		
Depreciation and amortisation	130	130
Impairment charges	0	41
	<u>130</u>	<u>171</u>
Total other expenditure	<u>6,018</u>	<u>6,966</u>

**4. Staff Costs**

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

	<b>2017-18</b>	<b>2016-17</b>
	£000	£000
Gross salaries	3,595	3,463
Social security costs	377	371
Agency staff costs	23	20
Defined contribution scheme costs	143	131
	<u>4,138</u>	<u>3,985</u>

The salaries of the non-executive directors are paid by Defra. The amount paid by Defra during the year to 31 March 2018 amounted to £0.058m (2017: £0.059m) as stated in the Remuneration Report on page 35.

**5. Property, Plant and Equipment**

	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2017	167	704	315	364	1,550
Revaluations	3	0	0	0	3
Additions	0	0	9	14	23
Disposals	0	(1)	(9)	0	(10)
Impairments	0	(3)	0	0	(3)
Reclassification	0	0	4	(6)	(2)
<b>At 31 March 2018</b>	<b>170</b>	<b>700</b>	<b>319</b>	<b>372</b>	<b>1,561</b>
<b>Depreciation</b>					
At 1 April 2017	0	1	219	288	508
Revaluations	0	(19)	0	0	(19)
Charge for year	0	22	19	38	79
Disposals	0	(1)	(9)	0	(10)
Impairments	0	(3)	0	0	(3)
Reclassification	0	0	3	7	10
<b>At 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>232</b>	<b>333</b>	<b>565</b>
<b>Net book value</b>					
<b>At 31 March 2018</b>	<b>170</b>	<b>700</b>	<b>87</b>	<b>39</b>	<b>996</b>

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 2018 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
<b>Cost or valuation</b>					
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)
<b>At 31 March 2017</b>	<b>167</b>	<b>704</b>	<b>315</b>	<b>364</b>	<b>1,550</b>
<b>Depreciation</b>					
At 1 April 2016	0	0	203	234	437
Revaluation	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
<b>At 31 March 2017</b>	<b>0</b>	<b>1</b>	<b>219</b>	<b>288</b>	<b>508</b>
<b>Net book value</b>					
<b>At 31 March 2017</b>	<b>167</b>	<b>703</b>	<b>96</b>	<b>76</b>	<b>1,042</b>

**6. Intangible Assets**

	Software £000	Websites £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2017	369	15	384
Additions	51	9	60
Disposals	0	0	0
Reclassification	(1)	0	(1)
<b>At 31 March 2018</b>	<b>419</b>	<b>24</b>	<b>443</b>
<b>Amortisation</b>			
At 1 April 2017	203	2	205
Charged in year	51	0	51
Disposals	0	0	0
Reclassification	(14)	1	(13)
<b>At 31 March 2018</b>	<b>240</b>	<b>3</b>	<b>243</b>
<b>Net book value at 31 March 2018</b>	<b>179</b>	<b>21</b>	<b>200</b>

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

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

**7. Trade Receivables and Other Current Assets**

	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>Amounts falling due within one year</b>	£000	£000
Trade receivables	267	149
Provision for impairment of trade and levy receivables	0	0
Levy receivables and accrued income	1,605	1,432
Prepayments	264	257
Non levy accrued income	143	130
EU accrued income	853	338
	<u>3,132</u>	<u>2,306</u>

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

	<b>31 March 2018</b>	<b>31 March 2017</b>
	£000	£000
<b>Trade receivables</b>		
Less than one month	265	149
More than one month less than three months	0	0
More than three months	2	0
	<u>267</u>	<u>149</u>

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

**8. Trade Payables and Other Current Liabilities**

	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>Amounts falling due within one year</b>	£000	£000
Trade payables	80	109
Accruals	984	952
Deferred income	138	95
PAYE and social security	101	95
VAT	20	40
Corporation tax	5	8
Pensions contributions payable	58	33
	<u>1,386</u>	<u>1,332</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 2018 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 2018. 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 2018.

There are no unusual, entity-specific or plan-specific risks to note, nor are 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 Income**

	<b>Funded</b>	<b>Non-</b>	<b>SPLAF</b>	<b>Total</b>
	<b>2018</b>	<b>funded</b>	<b>2018</b>	<b>2018</b>
	£000	£000	£000	£000
Interest cost	(1,184)	(92)	(6)	(1,282)
Expected return on plan assets	1,055	0	0	1,055
Financing expense on pension scheme assets	(129)	(92)	(6)	(227)
Current service cost	(455)	0	0	(455)
Past service cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total expense recognised in SoCNE	(584)	(92)	(6)	(682)

	<b>Funded</b>	<b>Non-</b>	<b>SPLAF</b>	<b>Total</b>
	<b>2017</b>	<b>funded</b>	<b>2017</b>	<b>2017</b>
	£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)

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

	<b>Funded 2018</b>	<b>Non- funded 2018</b>	<b>SPLAF 2018</b>	<b>Total 2018</b>
	£000	£000	£000	£000
Actuarial losses on liabilities	(287)	(36)	(2)	(325)
Remeasurement gains on assets	316	0	0	316
	<u>29</u>	<u>(36)</u>	<u>(2)</u>	<u>(9)</u>

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

**(d) Movements in the Fair Value of Scheme Assets**

	<b>Funded 2018</b>	<b>Non- funded 2018</b>	<b>SPLAF 2018</b>	<b>Total 2018</b>
	£000	£000	£000	£000
At 1 April 2017	42,965	0	0	42,965
Expected return on scheme assets	1,055	0	0	1,055
Contributions by the employer	389	218	22	629
Contributions by participants	104	0	0	104
Remeasurement gains on assets	316	0	0	316
Benefits/transfers paid	(2,017)	(218)	(22)	(2,257)
At 31 March 2018	<u>42,812</u>	<u>-</u>	<u>-</u>	<u>42,812</u>

	<b>Funded 2017</b>	<b>Non- funded 2017</b>	<b>SPLAF 2017</b>	<b>Total 2017</b>
	£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>

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

	<b>Funded</b>	<b>Non- funded</b>	<b>SPLAF</b>	<b>Total</b>
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
	£000	£000	£000	£000
At 1 April 2017	48,307	3,793	257	52,357
Current service cost	455	0	0	455
Interest cost	1,184	92	6	1,282
Contributions by participants	104	0	0	104
Actuarial gains on experience	287	36	2	325
Actuarial gains on financial assumptions	0	0	0	0
Actuarial gains on demographics	0	0	0	0
Benefits/transfers paid	(2,017)	(218)	(22)	(2,257)
At 31 March 2018	48,320	3,703	243	52,266

	<b>Funded</b>	<b>Non- funded</b>	<b>SPLAF</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	£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	48,307	3,793	257	52,357

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

	<b>Funded 2018</b>	<b>Non- funded 2018</b>	<b>SPLAF 2018</b>	<b>Total 2018</b>
	£000	£000	£000	£000
Deficit at the start of the year	(5,342)	(3,793)	(257)	(9,392)
Contributions by the employers	389	218	22	629
Current service cost	(455)	0	0	(455)
Past service cost	0	0	0	0
Actuarial gains/(losses)	29	(36)	(2)	(9)
Interest cost	(1,184)	(92)	(6)	(1,282)
Expected return on scheme assets	1,055	0	0	1,055
Benefits/transfers paid	0	0	0	0
<b>Total</b>	<b>(5,508)</b>	<b>(3,703)</b>	<b>(243)</b>	<b>(9,454)</b>

	<b>Funded 2017</b>	<b>Non- funded 2017</b>	<b>SPLAF 2017</b>	<b>Total 2017</b>
	£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
<b>Total</b>	<b>(5,342)</b>	<b>(3,793)</b>	<b>(257)</b>	<b>(9,392)</b>

**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:

<b>31 March 2018</b>	<b>Funded</b>	<b>Non-funded</b>	<b>SPLAF</b>
Rate of inflation (RPI)	3.2%	3.2%	3.2%
Rate of inflation (CPI)	2.1%	2.1%	2.1%
Rate of increase in salaries	3.35%	N/A	N/A
Rate of increase in pensions	2.1%	2.1%	2.1%
Discount rate	2.6%	2.6%	2.6%
Mortality tables	1992 (PMA and PFA)		
<b>31 March 2017</b>	<b>Funded</b>	<b>Non-funded</b>	<b>SPLAF</b>
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)		

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

<b>31 March 2018</b>	Funded	Non-funded	SPLAF	Total
Equities	71.2%	71.2%	N/A	71.2%
Government bonds	11.0%	11.0%	N/A	11.0%
Other bonds	3.7%	3.7%	N/A	3.7%
Property	4.4%	4.4%	N/A	4.4%
Cash/liquidity	1.9%	1.9%	N/A	1.9%
Other	7.8%	7.8%	N/A	7.8%

**Scheme assets**

<b>31 March 2017</b>	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%

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-18 Years	31-Mar-17 Years	31-Mar-18 Years	31-Mar-17 Years	31-Mar-18 Years	31-Mar-17 Years
Male currently aged 65	22.1	22.1	22.1	22.1	22.1	22.1
Female currently aged 65	25.3	25.2	25.3	25.2	25.3	25.2
Male currently aged 45	23.1	23.0	n/a	n/a	n/a	n/a
Female currently aged 45	27.1	27.0	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%	-1,456
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 2018/19	2,059	223	22	2,304
Expected benefit payments made during 2019/20	2,103	227	23	2,353
Expected benefit payments made during 2020/21	2,147	232	23	2,402
Expected benefit payments made during 2021/22	2,192	237	24	2,453
Expected benefit payments made during 2022/23	2,238	242	24	2,504
Expected benefit payments 2022/23 to 2026/27	11,914	1,288	130	13,332

**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 2018 £000	31 March 2017 £000
Buildings:		
Not later than one year	93	104
Later than one year and not later than five years	5	15
Later than five years	0	0
	<u>98</u>	<u>119</u>
Other:		
Not later than one year	128	95
Later than one year and not later than five years	266	162
Later than five years	0	0
	<u>394</u>	<u>257</u>

## 11. 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<sup>5</sup>.

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<sup>5</sup> Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**12. Cash and Cash Equivalents**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Balance at 1 April	8,047	9,035
Net change in cash and cash equivalent balances	(572)	(988)
<b>Balance at 31 March</b>	<b><u>7,475</u></b>	<b><u>8,047</u></b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	3,473	4,045
Short term investments	4,002	4,002
<b>Balance at 31 March</b>	<b><u>7,475</u></b>	<b><u>8,047</u></b>

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

**13. 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 2018 unless otherwise stated:

Board Member Stephen Parry is:

- A Member of the Technical Advisory Board at Marine Stewardship Council from whom Seafish received £900.
- A Board Member of Fisheries Innovation Scotland which was paid £25,000.

Board Member Mike Park is:

- A Director of Scottish Fishermen's Federation Services which was paid £1,433 by Seafish.
- A Director of Scottish White Fish Producers Association Limited which was paid £2,917 by Seafish.
- A 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 £595 by Seafish.
- A Trustee of Fishermen's Mission which was paid £1,051 by Seafish.

Board Member James Wilson is:

- A Partner of Deepdock Ltd from whom Seafish received £3,094.
- A Director of Shellfish Association of Great Britain Limited which was paid £57,334 by Seafish.

## **14. Events After the Reporting Period**

### **Issue of Accounts**

In accordance with the requirements of IAS 10, events after 31 March 2018 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.