



The Sea Fish Industry Authority Annual Report and Accounts 2015/2016

The Sea Fish Industry Authority

ANNUAL REPORT & ACCOUNTS 2015/16

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

**Ordered by the House of Commons to be printed
13 December 2016**

**Laid before the Scottish Parliament by the Scottish Ministers
13 December 2016**

© Crown Copyright [2016]

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this license, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available for download at www.seafish.org.

Any enquiries regarding this publication should be sent to us at Seafish, 18 Logie Mill, Logie Green Road, Edinburgh EH7 4HS.

ISBN: 9781474137393

Web ISBN: 9781474137409

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office.

ID 19091608 12/16

Printed on paper containing 75% recycled fibre content minimum.

CONTENTS

PERFORMANCE REPORT	4
CHIEF EXECUTIVE STATEMENT	4
OVERVIEW	5
PERFORMANCE ANALYSIS	6
ACCOUNTABILITY REPORT	9
CORPORATE GOVERNANCE REPORT	9
DIRECTORS REPORT	9
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES	12
GOVERNANCE STATEMENT	13
REMUNERATION AND STAFF REPORT	19
THE PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT	27
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT	27
STATEMENT OF COMPREHENSIVE INCOME	29
STATEMENT OF FINANCIAL POSITION	30
STATEMENT OF CASH FLOWS	31
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY	32
NOTES TO ACCOUNTS	33

**THE SEA FISH INDUSTRY AUTHORITY
PERFORMANCE REPORT
OVERVIEW
CHIEF EXECUTIVE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

These Annual Accounts are the first that I have overseen as Accounting Officer since taking up the post on 5 January 2016. I would like to acknowledge the contribution of my predecessor, Paul Williams, who has handed over an organisation that is in good health and on a trajectory of continued improvement.

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

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

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

Those close to Seafish will know that a major change in our current Corporate Plan was the introduction of social responsibility into our Mission Statement, which now reads "Supporting a profitable, sustainable and socially responsible future for the seafood industry". We are delighted to be able to report that our work in this area has made spectacular progress this year. Some challenging media stories together with requirements set out in new legislation have galvanised the seafood industry into action to ensure that it is able to demonstrate that its supply chain is 'clean'. Our Responsible Fishing Scheme (RFS) provides a central element of the overall solution and we have been delighted at the extent of the support we have received for developing the standard and introducing the scheme.

RFS and our Responsible Sourcing workstream team may well have stolen the headlines this year but the work of all our Seafish teams has progressed really well and I would like to extend my thanks and admiration to all our staff for their professionalism and hard work. They really are a credit to the industry they serve.

The years ahead will be interesting for the seafood industry following the result of the UK Referendum on European Union membership. There is no organisation better placed than Seafish to help the industry manage the impact of this vote. We will use our authority status, the valued expertise of our staff and our unique position of being close to Government and close to industry to inform the next transition for the whole UK seafood supply chain.

THE SEA FISH INDUSTRY AUTHORITY PERFORMANCE REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

OVERVIEW

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

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

Background

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

Whilst our purpose is defined by legislation, our strategy and objectives are established in partnership with industry and ratified by the four Fisheries Administrations.

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 is focused on their delivery.

THE SEA FISH INDUSTRY AUTHORITY PERFORMANCE REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

PERFORMANCE ANALYSIS

Financial Review of Financial Results for the Year

Seafish achieved a surplus of £117k as compared with a deficit of £3.442m for 2014/15. The main reason for this £3.6m improvement in the financial results was due to an actuarial gain of £1.656m being achieved during 2015/16, as opposed to an actuarial loss of £1.784m for 2014/15. The main other movements were:

- Reduced levy income of £235k as a result of lower consumer demand. This and the future impact on income is subject to continuous review.
- Reduced project income of £798k as a result of the closure of the European Fisheries Fund (EFF) and the delay in the European Maritime Fisheries Fund (EMFF) grant being established.
- Project expenditure reduced by £1.2m as a result of the delay in the EMFF scheme as noted above.

Review of the financial position as at 31 March 2016

After covering all of its liabilities, Seafish had net assets of £849k at 31 March 2016 (2015: £667k). This increase of £182k was caused by the overall surplus for the year together with the notional income from Defra, and was reflected in the following balance sheet movements:

- Trade and other receivables decreased by £1.3m mainly due to the reduction of £1.2m in EU accrued income.
- Cash decreased by £1m due to net expenditure on operating activities of £880k, the purchase of fixed assets of £170k, less the interest received of £51k.
- Trade and other payables decreased by £1.1m mainly due to decreases in accruals of £961k and bank overdraft of £129k.
- Pension liabilities decreased by £1.411m as a result of the actuarial gain of £1.656m noted above, and the contributions and benefits paid of £512k, less the IAS19 charge of £401k and the financing expense of £356k.

Future Strategic Direction

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

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

THE SEA FISH INDUSTRY AUTHORITY PERFORMANCE REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

In 2016-17 attention is turning to the development of the next Seafish Corporate Plan that will cover the period 2018-21. The organisation will be drawing upon a range of different inputs that will inform the development of the new Corporate Plan. Central to this process will be the conclusions arising from our continued 'Horizon Scanning' work in which potential strengths, weaknesses, opportunities and threats are identified, explored and reviewed by industry stakeholders.

How well are we performing?

Our three Sector Panels agree the priorities of work that Seafish should undertake, and recommend the key work areas and programmes to our Board to form the basis of our Corporate Plan. Progress on this is measured through detailed 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 KPIs for its three year lifespan, and on an annual basis progress is tracked against annual targets. The delivery performance is reported in the Annual Delivery Report, and this can be found on our website by following the attached link: <http://www.seafish.org/media/Publications/Seafish-Delivery-Report-2015-16.pdf>.

The Audit and Risk Committee oversees Seafish's Value for Money Strategy, which includes independent value for money assessments on all projects with a value greater than £200k. Two independent assessments were carried out in relation to project work in 2015/16 and

these showed that Seafish delivered excellent value for money. The results have been shared with the Board and Sector Panels.

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

In addition to our regular tracking and review of progress against our key performance indicators, we seek feedback from our stakeholders. The 2016 Seafish Stakeholder Survey ran over the first three weeks of April, and reported the results of more than 350 telephone in-depth interviews with stakeholders from across the seafood industry. The results included improved scores in the following number key areas:

- Satisfaction level up from 65% to 67%, with an 8 point increase in 'very satisfied'.
- Scores for 'Value for Money' have increased substantially amongst levy payers, with 49% now perceiving us as good value for money and scores for 'very good value' doubling from 4% to 8% and for 'poor VfM' halving from 20% to 10%.
- 82% thought Seafish's high level objectives matched their own.
- Communications are much improved, with an 8 point uplift rating for 'very good' and 'good', having increased from 60% to 68%.

Notable highlights in 2015/16 include; successful organisation and hosting of the annual National Fish & Chip Awards, the relaunch of Seafood Week, hosting British pavilions at international export events, delivery of an award winning safety campaign, UK roll-out of the new RFS, development of a Risk Assessment tool to inform sourcing solutions, hosting of gear selectivity training courses, evaluation of the economic impact of the Landing Obligation and organisation and hosting of the World Seafood Congress attracting delegates from around the World.

**THE SEA FISH INDUSTRY AUTHORITY
PERFORMANCE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

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

**M Coleman – Chief Executive
22 November 2016**

THE SEA FISH INDUSTRY AUTHORITY ACCOUNTABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2016

CORPORATE GOVERNANCE REPORT

DIRECTORS REPORT

History and statutory background

The Sea Fish Industry Authority (Seafish) was established under the Fisheries Act 1981. These accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM Treasury and in accordance with Section 11 of the Fisheries Act 1981 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004.

Principal activities

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

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

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

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

Recent background

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

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

The Panels are composed of a mix of representative organisations and those who bring direct skills and expertise to the Panel. They are constituted to meet twice per year to review the activities and progress towards the KPIs. During the year to 31 March 2016, each panel met two times to review the progress on the delivery of the Corporate Plan.

**THE SEA FISH INDUSTRY AUTHORITY
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Board members

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

Independent:	Brian Young (Acting Chair) Alison Austin Clare Dodgson
--------------	--

Industry:	Peter Hajipieris Michael Park Stephen Parry Jonathan Shepherd James Wilson
-----------	--

A Register of Board Members' Interests details company directorships and other significant interests held by Board Members which may conflict with their responsibilities. The register is available on the Seafish website 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 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 2015/16:

Marcus Coleman (Chief Executive from 1st January 2016)
Paul Williams (Chief Executive to 31st December 2016)
Janice Anderson (Business Services Director)
Tom Pickerell (Technical Director)
Mel Groundsell (Corporate Relations Director)

**THE SEA FISH INDUSTRY AUTHORITY
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Business review and future developments

The Statement of Comprehensive Income is set out on page 29 of the accounts. The net expenditure for the year, after taxation but prior to Other Comprehensive Income gains, amounted to £1.561m (2014/15: net expenditure £1.741m).

A detailed Performance Report is set out on pages 4 to 8. The Performance Report contains a performance and financial review of the activities undertaken by Seafish during 2015/16 as well as information on future developments.

Political and charitable donations

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

Payment of creditors

Seafish aims to comply with the Better Payments Practice Code. Seafish policy is to pay creditors' accounts by the due date specified under each creditor's terms of payment, unless under dispute.

At 31 March 2016, £0.121m was owed to trade creditors representing six days purchases outstanding (31 March 2015 – seven days).

Auditors

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2015/16 is £34,000 (2014/15: £35,000). There was no non-statutory audit work undertaken by the Comptroller and Auditor General in 2015/16 or 2014/15.

Personal data related incidents

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

**M Coleman – Chief Executive
22 November 2016**

THE SEA FISH INDUSTRY AUTHORITY STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2016

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 and must give a true and fair view of the state of affairs of the Sea Fish Industry Authority and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Ministers with the consent of Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.
- 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 SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

THE GOVERNANCE FRAMEWORK OF SEAFISH

In 2013 Seafish and the four Fisheries administrations agreed the detail of a Framework Agreement that set out the overarching arrangements for the sponsorship of Seafish and the governance and accountability arrangements between the four Fisheries Administrations (being the Department for Environment, Food and Rural Affairs (Defra), Marine Scotland, Department for Agriculture and Rural Development Northern Ireland (DARD) and the Welsh Government) and Seafish. This structure was operational throughout 2015/16.

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.

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.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

THE BOARD

There were nine non-executive Board Members until December 2015 when Elaine Hayes retired as Chair and Brian Young stepped up to become Acting Chair. This resulted in eight non-executive Board Members in post at 31 March 2016, 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. The Panel Chairs, the Chief Executive and two Executive Directors attend and participate in all Board meetings. The Board meets in closed session where appropriate.

BOARD MEETINGS

The meeting attendance records for Board members during 2015/16 are detailed in the table below:

Board Member	Board		ARC		RemCom		Possible	Attended
	Possible	Attended	Possible	Attended	Possible	Attended	Total	Total
Elaine Hayes (Chair to 31 December 2015)	3	3	0	0	0	0	3	3
Brian Young (Deputy Chair to 31 December 2015, Acting Chair thereafter)	4	3	3	3	1	1	8	7
Allison Austin	4	4	0	0	4	4	8	8
Clare Dodgson	4	4	0	0	4	4	8	8
Peter Hajipieris	4	3	0	0	4	4	8	7
Mike Park	4	3	3	3	0	0	7	6
Stephen Parry	4	2	3	2	0	0	7	4 ¹
Jonathan Shepherd	4	3	3	3	0	0	7	6
James Wilson	4	4	0	0	0	0	4	4

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

The governance of the organisation improved significantly by the start of 2015/16, and so the Board were able to concentrate on dealing with strategic matters, with any minor governance issues identified delegated to ARC for consideration and feedback.

Conflicts of interest

Board members are required to declare any direct or indirect interest in any item on the agenda before the board meeting begins. Any declaration will be noted in the minutes and the member will not take part in any deliberation or decision making process. If deemed appropriate by the Chair, they may also be asked to withdraw from the meeting during consideration of the business to which the conflict relates.

¹ Reduced attendance for health reasons

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

The Board's agenda is split into strategic and operational areas. The strategic items that have been considered during 15/16 include consideration of a review of the staff pay

structure, a review of the Value for Money strategy, updates from Horizon Scanning work, and continued updates on the progress of the structure and governance of Seafish following the Smith Commission report. The standard operational items include Business Services and Operational Reports; these include quarterly dashboards that detail financial performance against budget with management by exception explanations, along with delivery performance compared with the KPIs as set out in the Corporate Plan. The Board has welcomed the clarity provided by this style of reporting extremely helpful.

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 Audit and Risk Committee and the Remuneration Committee.

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

AUDIT AND RISK COMMITTEE (ARC)

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

This committee met three times during the year, with the attendance as noted on page 14.

During 2015/16, this committee has:

- Considered the Annual Report and Accounts for the year to 31 March 2015.
- Reviewed the progress of the implementation of the IS strategy.
- Considered an enhanced VFM Strategy following an independent review, and followed up on the implementation of that strategy.
- Considered an internal audit of the management of budgets that reported one low and three medium priority recommendations. All of the recommendations were agreed and are being implemented.
- Acknowledged that over the previous two years there has been a significant improvement in the governance arrangements of the organisation resulting in more assurance to the Board and the Accounting Officer.
- Changed its internal audit schedule to tie in with the Corporate Plan for 2015-18.
- Agreed that ARC reviews will derive from recommendations from internal audit, external audit, and requests from the Board.

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

THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

The improved framework of assurance in place at the end of 2014/15 and throughout 2015/16 has enabled ARC to continue to deliver on a significant and valuable programme of activity.

REMUNERATION COMMITTEE (RemCom)

The Remuneration Committee is chaired by an Independent Board Member and includes two other non-executive members. The role of the Remuneration Committee 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, contributing to the Board's corporate role.

The Remuneration Committee met four times during the year and has:

- Reviewed the internal audit report on Performance Management which had no recommendations.
- Overseen the appointment and induction of the new CEO.
- Considered and recommended to the Board a Pay and Performance Review that proposes to implement a staff structure.
- Reviewed various staff policies.

Significant issues

For 2015/16 the same significant issues were noted as identified by ARC and the Board and these are noted in the Key Risks under the Risk and Control Framework.

RISK AND CONTROL FRAMEWORK

Risk management strategy

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

Risk environment

Seafish operates a comprehensive corporate risk register which identifies strategic and operational risk separately. Each risk is scored in terms of likelihood and impact, with mitigating actions and controls identified to reduce the risk to an agreed target score or eliminate the risk. Each risk has an assigned risk owner. To monitor changes and check progress of mitigation measures, the risk register is reviewed by the Executive on a quarterly basis, and at least twice a year by the ARC. The Board reviews the risk register at least twice a year, and once a year carries out an in-depth review of all risks.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Key risks

During 2014/15, the Board, RemCom and ARC identified the following key risks:

- The Smith Commission report
The Smith Commission report recommended that the UK and Scottish Governments should work together to “consider whether to revise existing legal and practical arrangements in respect to levy raising (for example in relation to red meat and seafood)” in the section on issues that did not involve the further devolution of powers to Scotland. 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 to deliver this recommendation.
- The CEO and Chair both left Seafish within six months of each other at the end of 2015. The potential for this to be a risk to operational delivery and ongoing governance were mitigated by a successfully implemented induction plan for the new CEO.

During 2015/16, no significant strategic or operational risks were identified.

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 an 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.

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 have 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 CODE

Seafish complies with the relevant principles and protocols outlined in the Corporate Governance Code, with no known exceptions.

Seafish received no ministerial directions in 2015/16.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Conclusion

The much improved governance arrangements that were in place for the whole of 2015/16 have enabled Seafish to concentrate on more strategic matters and ensure the delivery of essential operations and services for the sea fish industry.

**M Coleman – Chief Executive
22 November 2016**

THE SEA FISH INDUSTRY AUTHORITY REMUNERATION AND STAFF REPORT FOR THE YEAR ENDED 31 MARCH 2016

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 2016 were Clare Dodgson, Alison Austin and Peter Hajiperis. Meetings are normally held not less than twice a year and minutes are taken at all meetings. The committee met four times during the year.

Executive Directors Emoluments

Contracts of employment for executive directors

Seafish executive directors are employed on standard contracts of employment which are in line with all other employees except for notice periods where Seafish executive directors are required to give either three or six months' notice of termination of their employment. Executive directors' remuneration is by way of a fixed annual salary, and benefits in kind including car benefit, medical insurance and subscriptions. Executive directors employed prior to 1 April 2006 are members of the defined benefit pension scheme, with those employed after that date 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 2016.

	Contract start date	Contract expiry date	Notice period	Unexpired term
Marcus Coleman <i>Chief Executive</i>	05/01/2016	31/12/2018	6 months	2 years 9 months
Janice Anderson <i>Business Services Director</i>	13/05/2011	Indefinite	6 months	n/a
Tom Pickerell <i>Technical Director</i>	01/07/2013	Indefinite	3 months	n/a
Mel Groundsell <i>Corporate Relations Director</i>	24/02/2014	Indefinite	3 months	n/a

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION AND STAFF REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

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 Governments pay policy, an award of 1% was made to staff for the year to March 2016.

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 (audited)

Set out below are details of the remuneration of Seafish's senior executive staff during the year to 31 March 2016. 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)		(Nearest £000)		(Bands of £5,000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Marcus Coleman	25-30 (FYE 105 - 110)	n/a	0	n/a	1,500	n/a	1	n/a	25-30 FYE (115-120)	n/a
Paul Williams	70-75 (FYE 95-100)	95-100	0	0-5	4,000	5,900	11	16	85-90 FYE (105-110)	120-125
Janice Anderson	80-85	80-85	0-5	0	4,800	4,200	8	8	100-105	90-95
Tom Pickerell	70-75	70-75	0-5	0-5	7,700	7,200	7	7	90-95	90-95
Mel Groundsell	65-70	65-70	0-5	0-5	4,600	4,100	1	1	75-80	70-75

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION AND STAFF REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Pension Scheme particulars of executive directors (audited)

Set out below are the Pensions Scheme particulars of Seafish's senior executive staff during the year to 31 March 2016.

	Pension Scheme details	Employees contribution rate	Employers contribution rate
Marcus Coleman	Legal and General	1.0%	2.0%
Paul Williams	West Yorkshire Pension Fund	10.5%	16.5%
Janice Anderson	Legal and General	5.0%	10.0%
Tom Pickerell	Legal and General	5.8%	10.0%
Mel Groundsell	Legal and General	1.0%	2.0%

Pension Entitlement of executive directors: defined benefit schemes (audited)

Set out below are details of the pension benefits accrued at and earned by each of Seafish's executive directors who were members of a defined benefit scheme during the year to 31 March 2016.

	Real increase in pension £'000	Real increase in pension lump sum £'000	Total accrued pension at 31/03/2016 £'000	Lump sum at 31/03/2016 £'000	CETV at 31/03/2016 £'000	Increase in CETV £'000	CETV at 01/04/2015 £'000
Paul Williams	0-2.5	0-2.5	15-20	15-20	282	27	255

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

The CETV figure and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

There were no off payroll arrangements made throughout the year (no change from 2014/15).

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION AND STAFF REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Pension entitlement of executive directors: defined contribution schemes (audited)

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 2016.

	Employer's contribution	
	For the year ended 31 March 2016 £000	For the year ended 31 March 2015 £000
Marcus Coleman	1	n/a
Janice Anderson	8	8
Tom Pickerell	7	7
Mel Groundsell	1	1

Relationship between highest paid director and the median earnings in the workforce (audited)

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 2015/16 was £115k - £120k (2014/15: £100k - £105k). This was 3.16 times (2014/15: 2.86 times) the median salary of the workforce, which was £37,135 (2014/15: £36,133). This increase was due to a raise in salary for the newly appointed Chief Executive. The lowest annualised salary band paid by Seafish was £15k - £20k and the highest was £115k - £120k.

In 2015/16 or 2014/15 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.

STAFF NUMBERS (audited)

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	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Research and project	62	60	2	3	64	63
Corporate services	17	17	0	2	17	19
Board Members	12	9	0	0	12	9
Panel Members	7	11	0	0	7	11
	<u>98</u>	<u>97</u>	<u>2</u>	<u>5</u>	<u>100</u>	<u>102</u>

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION AND STAFF REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

STAFF COSTS

A breakdown of staff costs is available in note 4 to the accounts, on page 39.

Non-Executive Directors' Emoluments (audited)

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

	2015-16	2014-15		
Name and title	Salary in £5k bands £000	Salary in £5k bands £000	Date of appointment	Appointment ends
Brian Young Acting Chair from 1 January 2016	10-15	n/a	01/04/2015	31/03/2018
Elaine Hayes Chair to 31 December 2015	10-15 (FTE 15-20)	15-20	01/01/2013	31/12/2015
Alison Austin OBE Independent Member	5-10	n/a	01/04/2015	31/03/2018
Clare Dodgson Independent Member	5-10	5-10	01/04/2012	31/03/2017
Peter Hajipieris Industry Member	5-10	5-10	01/04/2012	31/03/2017
Michael Park Industry Member	5-10	5-10	01/07/2010	31/03/2017
Stephen Parry Industry Member	5-10	5-10	01/04/2012	31/03/2017
Jonathan Shepherd Industry Member	5-10	n/a	01/04/2015	31/03/2018
James Wilson Industry Member	5-10	5-10	14/04/2009	31/03/2017
Phil Huggon Independent Member	n/a	5-10	01/04/2012	31/03/2015
Michael Kaiser Industry Member	n/a	5-10	01/04/2012	31/03/2015
Jane Ryder OBE Deputy Chair	n/a	10-15	01/04/2012	31/03/2015

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

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION AND STAFF REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

STAFF REPORT

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 2016 of £10.035m (31 March 2015: deficit of £11.419m). 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 2016 the liability for SPLAF was £0.264m (2015: £0.291m). The total pension liability at 31 March 2016 is therefore £10.299m (2015: £11.710m) as per note 10f of the accounts.

Union recognition

The number of staff who voted for the union, Unite, to be recognised for the purposes of negotiation, exceeds 70%, and Seafish therefore formally recognises that body.

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 2015/16 was three days (2014/15: six 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 31st March 2016 was £100k, as shown in note 3 to the accounts, on page 38.

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION AND STAFF REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Staff split by gender

Seafish's total staff as at the 31 March 2016 is shown in the below table. This table includes permanent and temporary staff.

	Male	Female
Non-Executive Directors	6	2
Executive Directors	2	2
Management Staff	8	5
Panel Members	5	0
All Other Staff	37	30
Total Staff	58	39

Redundancy costs (audited)

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

During the year to 31 March 2015, no members of staff were made redundant and no other departures were agreed.

Exit package cost band	31st March 2016			31st March 2015		
	Compulsory redundancies	Other departures agreed	Total exit packages by cost band	Compulsory redundancies	Other departures agreed	Total exit packages by cost band
Under £10,000	0	1	1	0	0	0
£10,001-£25,000	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0
Above £50,000	0	0	0	0	0	0
Total number of exit packages by type	0	1	1	0	0	0
Total resource cost £'000	0	5	5	0	0	0

**M Coleman – Chief Executive
22 November 2016**

Fees and charges (audited)

	2015-16		
	Income	Full Cost	Deficit
	£000	£000	£000
Levies collected under the Fisheries Act 1981	8,066	9,235	(1,169)

	2014-15		
	Income	Full Cost	Deficit
	£000	£000	£000
Levies collected under the Fisheries Act 1981	8,301	9,510	(1,209)

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 (audited)

There have been no losses or special payments that have occurred during the year.

THE PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

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

I certify I have audited the financial statements of the Sea Fish Industry Authority for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Sea Fish Industry Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sea Fish Industry Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Sea Fish Industry Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I will consider the implications for my report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sea Fish Industry Authority's affairs as at 31 March 2016 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with the Fisheries Act 1981 and the Secretary of State directions made thereunder; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Sir Amyas C E Morse

7 December 2016

Comptroller and Auditor General

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

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2015-16 £000	2014-15 £000
Income			
Levy income	2a	(8,066)	(8,301)
Project Income	2b	(1,919)	(2,717)
Other Income	2b	(688)	(612)
Total operating income		<u>(10,673)</u>	<u>(11,630)</u>
Expenditure			
Staff costs	4a	3,554	3,510
IAS 19 pension charge	4b	401	372
Depreciation and amortisation	5&6	171	146
Other operating expenditure	3	7,793	9,006
Total operating expenditure		<u>11,919</u>	<u>13,034</u>
Net expenditure		1,246	1,404
Finance income		(51)	(73)
Financing expense on pension scheme assets and liabilities	10b	356	395
Net expenditure after interest		<u>1,551</u>	<u>1,726</u>
Taxation		10	15
Net expenditure for the year		<u>1,561</u>	<u>1,741</u>
Other Comprehensive (Income)/Expenditure			
Actuarial (gain)/loss on pension scheme assets and obligations	10c	(1,656)	1,784
Net gain on revaluation of property, plant and equipment	5	(22)	(83)
Total comprehensive (net income)/expenditure for the year		<u>(117)</u>	<u>3,442</u>

The notes on pages 33 to 54 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Note	31 March 2016 £000	31 March 2015 £000
Non-current assets			
Property, plant and equipment	5	970	1,028
Intangible assets	6	<u>124</u>	<u>45</u>
Total non-current assets		1,094	1,073
Current assets			
Trade and other receivables	8	2,481	3,813
Cash and cash equivalents	14	<u>9,035</u>	<u>10,034</u>
Total current assets		11,516	13,847
Total assets		<u>12,610</u>	<u>14,920</u>
Current liabilities			
Trade and other payables	9	<u>(1,462)</u>	<u>(2,543)</u>
Total current liabilities		<u>(1,462)</u>	<u>(2,543)</u>
Total assets less current liabilities		11,148	12,377
Non-current liabilities			
Provisions - unfunded pension liabilities	10	(3,934)	(4,260)
Pension liabilities	10	<u>(6,365)</u>	<u>(7,450)</u>
Total non-current liabilities		(10,299)	(11,710)
Total assets less total liabilities		<u>849</u>	<u>667</u>
Reserves			
Revaluation reserve		119	119
General fund		7,095	7,998
Pensions reserve		<u>(6,365)</u>	<u>(7,450)</u>
Total equity		<u>849</u>	<u>667</u>

**M Coleman - Chief Executive
22 November 2016**

The notes on pages 33 to 54 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

		2015-16	Restated 2014-15
	Note	£000	£000
Cash flows from operating activities			
Net expenditure	3	(1,246)	(1,404)
Depreciation and amortisation	5&6	171	146
Decrease/(increase) in trade receivables	8	1,332	(865)
(Decrease)/increase in trade payables excluding overdraft	9	(1,081)	1,338
Use of pension provisions		173	145
Board remuneration paid by Defra	4	65	67
Defined pension contributions paid	10	(284)	(284)
Corporation tax paid		(10)	(15)
Net cash outflow from operating activities		<u>(880)</u>	<u>(872)</u>
Cash flows from investing activities			
Interest received		51	73
Purchase of property, plant and equipment	5&6	(170)	(54)
Net cash (outflow)/inflow from investing activities		<u>(119)</u>	<u>19</u>
Net decrease in cash and cash equivalents in the period		(999)	(853)
Cash and cash equivalents at the beginning of the period	14	10,034	10,887
Net decrease in cash and cash equivalents in the period		<u>(999)</u>	<u>(853)</u>
Cash and cash equivalents at the end of the period	14	<u>9,035</u>	<u>10,034</u>

Cash reserves policy

Seafish should always have cash reserves, including long-term deposits, of an amount no less than the sum of the non-funded pension liability (£3.934m at 31 March 2016), a six month operating cushion of £3.900m and general working capital of £1.000m. This totals £8.834m and is covered by the cash balance of £9.035m at 31 March 2016.

The notes on pages 33 to 54 form part of these accounts.

THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2014		104	9,517	(5,594)	4,027
Changes in taxpayers' equity for 2014/15					
Transfers between reserves		0	72	(72)	0
Actuarial loss on pension scheme assets and obligations	10	0	0	(1,784)	(1,784)
Notional charge to Defra	4	0	67	0	67
Comprehensive net expenditure for the year		0	(1,741)	0	(1,741)
Gain on revaluation	5	15	83	0	98
Balance at 31 March 2015		119	7,998	(7,450)	667
Balance at 1 April 2015		119	7,998	(7,450)	667
Changes in taxpayers' equity for 2015/16					
Transfers between reserves		0	571	(571)	0
Actuarial gain on pension scheme assets and obligations	10	0	0	1,656	1,656
Notional charge to Defra	4	0	65	0	65
Comprehensive net expenditure for the year		0	(1,561)	0	(1,561)
Gain on revaluation	5	0	22	0	22
Balance at 31 March 2016		119	7,095	(6,365)	849

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 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 33 to 54 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Statement of accounting policies

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

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 10). 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 1.2).
- 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 1.6.

1.1 Accounting convention

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1.2 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 desktop valuation was last undertaken as at 31 March 2016. The valuation of £860k 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 £1k in respect of plant and equipment, and £0.8k 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.

1.3 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 annual depreciation rates are as follows:

	(%)
Furniture and equipment	10-20
Information technology	33
Intangible asset - software	20
Intangible asset – websites	20

Freehold buildings are depreciated over their estimated useful economic life. The buildings were valued in March 2016 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2046. Freehold land is not depreciated.

1.4 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.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1.5 Intangible assets

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

1.6 Operating income

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

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

1.7 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at 31 March 2016. 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 Income in the year in which they arise.

1.8 Leases

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

1.9 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 13.

1.10 Grants receivables

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

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.

1.11 Provisions

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

Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, Seafish discloses for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote – unless disclosure of those remote liabilities is itself believed likely to increase the possibility of the liability being accrued or the value of these remote liabilities is not material. At 31 March 2016, Seafish had no contingent liabilities (31 March 2015: nil).

1.12 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.

1.13 Staff costs

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

1.14 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/expenditure. The expected return on investment assets and the interest on liabilities are included in the finance charge and shown in the Statement of Comprehensive Income. The current service costs are shown as the IAS19 pension adjustment under Expenditure in the Statement of Comprehensive Income.

More detailed information can be found in note 10 to the accounts.

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

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.

1.15 Impending application of newly issued accounting standards not yet effective

All International Reporting Standards (IFRS), Interpretations and Amendments to Published Standards, effective at March 2016, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

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

2. Income

(a) Levy Income

	2015-16	2014-15
	Income	Income
	£000	£000
Levies collected under the Fisheries Act 1981	<u>8,066</u>	<u>8,301</u>

(b) Project and other income

	2015-16	2014-15
	£000	£000
Project income		
EU	840	1,382
Non EU	1,079	1,335
	<u>1,919</u>	<u>2,717</u>
Other income		
Commercial income	683	594
VAT recovery	5	18
	<u>688</u>	<u>612</u>
Total	<u>2,607</u>	<u>3,329</u>

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

3. Other expenditure

Details of Seafish expenditure is made up as follows:

		2015-16	Restated
		£000	2014-15
			£000
Project activities	- EU	1,370	1,568
	- Other	4,586	5,636
		<u>5,956</u>	<u>7,204</u>
Commercial activities	- EU	0	0
	- Other	222	234
		<u>222</u>	<u>234</u>
Location costs		494	446
Professional fees		26	18
Motor vehicle costs		102	135
Other administration costs		124	120
Travel and subsistence		120	150
Staff training and recruitment		196	174
Consultancy spend		100	115
Repairs and maintenance		23	14
Computing costs		148	117
(Decrease)/increase in receivables impairment		(5)	6
Auditors remuneration		34	35
Operating lease rental		253	238
		<u>1,615</u>	<u>1,568</u>
Total other expenditure		<u>7,793</u>	<u>9,006</u>

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

4. Staff costs

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

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000	£000	£000
Gross salaries	3,051	2,994	101	108	3,152	3,102
Social security costs	270	261	9	9	279	270
Agency staff costs	0	0	14	41	14	41
Defined contribution scheme costs	107	97	2	0	109	97
	<u>3,428</u>	<u>3,352</u>	<u>126</u>	<u>158</u>	<u>3,554</u>	<u>3,510</u>

The salaries of the non-executive directors are paid by Defra. The amount paid by Defra during the year to 31 March 2016 amounted to £65k (2015: £67k), and is included as a notional cost in gross salaries above.

(b) Analysis of pension costs

	2015-16	2014-15
	£000	£000
Pension current service cost	401	372
	<u>401</u>	<u>372</u>

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

5. Property, plant and equipment

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

Seafish land and buildings are offices in Edinburgh. The office was surveyed and valued by DTZ, independent Chartered Surveyors as at 31 March 2016 in accordance with the RICS Appraisal and Valuation Manual. This valuation at open market value for existing use is incorporated in Seafish accounts.

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

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

5. Property, plant and equipment (continued)

Analysis by type	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2014	150	700	239	346	1,435
Revaluations	15	(5)	0	0	10
Additions	0	0	0	43	43
Disposals	0	0	0	0	0
At 31 March 2015	165	695	239	389	1,488
Depreciation					
At 1 April 2014	0	66	196	190	452
Charge for year	0	22	12	62	96
Revaluation	0	(88)	0	0	(88)
At 31 March 2015	0	0	208	252	460
Net book value					
At 31 March 2015	165	695	31	137	1,028

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

6. Intangible assets

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

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

	Software £000	Websites £000	Total £000
Cost or valuation			
At 1 April 2014	295	0	295
Additions	11	0	11
Disposals	0	0	0
At 31 March 2015	306	0	306
Amortisation			
At 1 April 2014	211	0	211
Charged in year	50	0	50
Disposals	0	0	0
At 31 March 2015	261	0	261
Net book value at 31 March 2015	45	0	45

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

7. Impairments

There were no impairments of fixed or intangible assets during the year (2015: nil).

8. Trade receivables and other current assets

	31 March 2016 £000	31 March 2015 £000
Amounts falling due within one year		
Trade receivables	334	679
Provision for impairment of trade and levy receivables	0	(12)
Levy receivables	1,689	1,518
Prepayments	274	152
Accrued Income	184	281
EU accrued income	0	1,195
	<u>2,481</u>	<u>3,813</u>

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

	31 March 2016 £000	31 March 2015 £000
Trade receivables		
Less than one month	307	491
More than one month less than three months	17	106
More than three months	10	82
	<u>334</u>	<u>679</u>

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

9. Trade payables and other current liabilities

	31 March 2016 £000	31 March 2015 £000
Amounts falling due within one year		
Bank overdraft	204	333
Trade payables	121	164
Accruals	781	1,742
Deferred income	143	114
PAYE and social security	79	71
VAT	81	60
Corporation tax	10	15
Pensions contributions payable	43	44
	<u>1,462</u>	<u>2,543</u>

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

10. 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 2013. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The defined benefits obligation represents the amount of money that needs to be set aside now to meet the benefits that the employer is committed to provide for service up to the 31 March 2017 on the basis of the assumptions used.

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

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

The assets shown are an estimate of Seafish's notional share of the total fund assets as at 31 March 2016. 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 2016.

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

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

Seafish Pension and Life Assurance Fund (SPLAF)

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

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

(b) Amounts charged to Statement of Comprehensive Income

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

	Funded	Non-	SPLAF	Total
	2015	funded	2015	2015
	£000	2015	2015	2015
	£000	£000	£000	£000
Interest cost	(1,695)	(155)	(11)	(1,861)
Expected return on plan assets	1,466	0	0	1,466
Financing expense on pension scheme assets	(229)	(155)	(11)	(395)
Current service cost	(372)	0	0	(372)
Past service cost	0	0	0	0
Total expense recognised in profit and loss	(601)	(155)	(11)	(767)

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

10. Pension scheme arrangements (continued)

(c) Amounts credited/(charged) to other comprehensive income

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

	Funded 2015 £000	Non- funded 2015 £000	SPLAF 2015 £000	Total 2015 £000
Actuarial gains on liabilities	(3,930)	(246)	(23)	(4,199)
Remeasurement gains on assets	2,415	0	0	2,415
	<u>(1,515)</u>	<u>(246)</u>	<u>(23)</u>	<u>(1,784)</u>

(d) Movements in the fair value of scheme assets

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

	Funded 2015 £000	Non- funded 2015 £000	SPLAF 2015 £000	Total 2015 £000
At 1 April 2014	35,605	0	0	35,605
Expected return on scheme assets	1,466	0	0	1,466
Contributions by the employer	260	227	24	511
Contributions by participants	120	0	0	124
Remeasurement gains on assets	2,415	0	0	2,415
Benefits/transfers paid	(1,826)	(227)	(24)	(2,077)
At 31 March 2015	<u>38,044</u>	<u>-</u>	<u>-</u>	<u>38,044</u>

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

10. Pension scheme arrangements (continued)

(e) Movements in the present value of defined benefit obligation

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

	Funded	Non- funded	SPLAF	Total
	2015	2015	2015	2015
	£000	£000	£000	£000
At 1 April 2014	41,199	3,795	281	45,275
Current service cost	372	0	0	372
Interest cost	1,695	155	11	1,861
Contributions by participants	124	0	0	124
Actuarial (gains)/losses on experience	(303)	(36)	20	(319)
Actuarial losses on financial assumptions	4,233	282	3	4,518
Benefits/transfers paid	(1,826)	(227)	(24)	(2,077)
At 31 March 2015	45,494	3,969	291	49,754

THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

10. Pension scheme arrangements (continued)

(f) Analysis of the movement of the deficit in the year

	Funded	Non- funded	SPLAF	Total
	2016	2016	2016	2016
	£000	£000	£000	£000
Deficit at the start of the year	(7,450)	(3,969)	(291)	(11,710)
Contributions by the employers	260	0	24	284
Current service cost	(401)	0	0	(401)
Past service cost	0	0	0	0
Actuarial gains	1,453	191	12	1,918
Interest cost	(1,385)	(120)	(9)	(1,514)
Expected return on scheme assets	1,158	0	0	1,158
Benefits/transfers paid	0	228	0	228
Total	(6,365)	(3,670)	(264)	(10,299)

	Funded	Non- funded	SPLAF	Total
	Restated	Restated	Restated	Restated
	2015	2015	2015	2015
	£000	£000	£000	£000
Deficit at the start of the year	(5,594)	(3,795)	(281)	(9,670)
Contributions by the employers	260	0	24	284
Current service cost	(372)	0	0	(372)
Past service cost	0	0	0	0
Actuarial losses	(1,515)	(246)	(23)	(1,784)
Interest cost	(1,695)	(155)	(11)	(1,861)
Expected return on scheme assets	1,466	0	0	1,466
Benefits/transfers paid	0	227	0	227
Total	(7,450)	(3,969)	(291)	(11,710)

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

10. 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 2013. The principal assumptions used by the independent qualified actuary in updating this valuation were:

31 March 2016	Funded	Non-funded	SPLAF
Rate of inflation (RPI)	2.8%	2.8%	2.8%
Rate of inflation (CPI)	1.7%	1.7%	1.7%
Rate of increase in salaries	3.2%	N/A	N/A
Rate of increase in pensions	1.7%	1.7%	1.7%
Discount rate	3.3%	3.3%	3.3%
Mortality tables	1992 (PMA and PFA)		
31 March 2015	Funded	Non-funded	SPLAF
Rate of inflation (RPI)	2.9%	2.9%	2.9%
Rate of inflation (CPI)	1.8%	1.8%	1.8%
Rate of increase in salaries	3.3%	N/A	N/A
Rate of increase in pensions	1.8%	1.8%	1.8%
Discount rate	3.1%	3.1%	3.1%
Mortality tables	1992 (PMA and PFA)		

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

10. Pension scheme arrangements (continued)

(g) Assumptions (Continued)

Scheme assets

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

Scheme assets

31 March 2015	Funded	Non-funded	SPLAF	Total
Equities	76.4%	76.4%	N/A	76.4%
Government bonds	10.5%	10.5%	N/A	10.5%
Other bonds	4.6%	4.6%	N/A	4.6%
Property	4.2%	4.2%	N/A	4.2%
Cash/liquidity	2.1%	2.1%	N/A	2.1%
Other	2.2%	2.2%	N/A	2.2%

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-16 Years	31-Mar-15 Years	31-Mar-16 Years	31-Mar-15 Years	31-Mar-16 Years	31-Mar-15 Years
Male currently aged 65	22.7	22.6	22.7	22.6	22.7	22.6
Female currently aged 65	25.6	25.5	25.6	25.5	25.6	25.5
Male currently aged 45	24.9	24.8	n/a	n/a	n/a	n/a
Female currently aged 45	28.0	27.8	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.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

10. Pension scheme arrangements (continued)

Change in Assumption	Approximate % increase in employer liability	Approximate monetary amount (£'000)
0.1% decrease in discount rate	1.5%	650
One year increase in member life expectancy	2.6%	1,106
0.1% increase in salary increase rate	0.2%	81
0.1% increase in pension increase rate	1.3%	569

i) Maturity Profile

	Funded £000	Non- funded £000	SPLAF £000	Total £000
Expected benefit payments made during 2016/17	1,815	232	24	2,071
Expected benefit payments made during 2017/18	1,846	236	25	2,107
Expected benefit payments made during 2018/19	1,878	240	25	2,143
Expected benefit payments made during 2019/20	1,910	244	26	2,180
Expected benefit payments made during 2020/21	1,942	248	26	2,216
Expected benefit payments 2021/22 to 2025/26	10,216	1,305	137	11,658

11. 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 current 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 2016 £000	31 March 2015 £000
Buildings:		
Not later than one year	104	104
Later than one year and not later than five years	129	218
Later than five years	25	35
	<u>258</u>	<u>357</u>
Other:		
Not later than one year	112	141
Later than one year and not later than five years	57	146
Later than five years	0	0
	<u>169</u>	<u>287</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

12. Financial Commitments

Commitments relating to refurbishment of buildings owned by Seafish.

	31 March 2016 £000	31 March 2015 £000
Not later than one year	487	0
Later than one year and not later than five years	0	0
Later than five years	0	0
	<hr/> 487 <hr/>	<hr/> 0 <hr/>

13. 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.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

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.

14. Cash and cash equivalents

	31 March 2016 £000	31 March 2015 £000
Balance at 1 April	10,034	10,887
Net change in cash and cash equivalent balances	(999)	(853)
Balance at 31 March	9,035	10,034
The following balances at 31 March were held at:		
Commercial banks and cash in hand	5,032	6,034
Short term investments	4,003	4,000
Balance at 31 March	9,035	10,034

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

15. 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 2016 unless otherwise stated:

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Board Member Stephen Parry is:

- A Board Member of Fisheries Innovation Scotland which was paid £100,000.
- A Member of the Technical Advisory Board at Marine Stewardship Council which was paid £720 and from whom Seafish received £601.

Board Member Mike Park is:

- A Trustee / Director of Scottish Fishermen's Federation Services from whom Seafish received £538.
- A Director of Scottish White Fish Producers Association Limited from whom Seafish received £303.

Board Member James Wilson is:

- A Director of Shellfish Association of Great Britain Limited from whom Seafish received £78,348.
- A Partner at Deepdock Limited from whom Seafish received £6,280.

16. Events after the reporting period

Issue of accounts

In accordance with the requirements of IAS 10, events after 31 March 2016 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.

Brexit

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Material events

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

ISBN 978-1-4741-3739-3



9 781474 137393