



The Sea Fish Industry Authority Annual Report and Accounts 2014/2015

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The Sea Fish Industry Authority

ANNUAL REPORT & ACCOUNTS 2014/2015

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**THE SEA FISH INDUSTRY AUTHORITY
FOREWORD BY PAUL WILLIAMS
FOR THE YEAR ENDED 31 MARCH 2015**

Chief Executive

The end of the previous Corporate Plan cycle and the launch of our new 2015-2018 Corporate Plan is a good opportunity to look at what we have achieved and how we can better communicate with our industry. For the first time, we have produced a Delivery Report which gives details of everything we have achieved during the 2012-2015 Corporate Plan, but also of the few areas where we fell below our targets. This new initiative, which is available on the Seafish website, aims to give levy payers a clear view of how their money was spent and what was accomplished.

Going forward, we have an excellent three year Corporate Plan, drawn together with the input and support of our outstanding Industry Panels, and signed off by all four Fisheries Ministers. This gives Seafish a solid foundation, agreed by industry, for our work in the next few years. To improve transparency, however, we are also looking to a simpler annual cycle for reporting, so our 2015-2016 Annual Plan will be followed up by a 2015-2016 Delivery Report, and so on each year.

I would like to thank the members of our Panels for the time they have contributed and the very real contributions they have all made to ensuring that Seafish work is relevant and meaningful. Collaboration has always been key for Seafish and we intend to invite industry to participate in our initiatives so that we keep projects focused on industry needs and ensure that successes are shared.

One major change in our new Corporate Plan is the introduction of social responsibility into our Mission Statement, which now reads “Supporting a profitable, sustainable and socially responsible future for the seafood industry”. It was clear from every Panel and every industry sector that there was an enthusiasm for building a better, more ethical seafood industry. Clearly, this is no small goal and at times we will fall back before we progress but I am proud to be part of an industry that has set up the Ethics Common Language Group to talk openly, and with engagement with NGOs, governments and regulators, about ethical issues. I also believe that the new Responsible Fishing Scheme is world leading in setting standards for the welfare of vessel crew.

Seafish has also taken a big step in updating its communications. Some of the infographics we are now developing have brought clarity on issues like the seafood supply chain, not just to politicians and public, but even to people inside the industry. Our use of video has also improved, helping to explain a complex industry in a way that has engaged people enough to bring over a million views on YouTube. Our PR work has won four different national awards and highlighted good news stories on everything from the health benefits of seafood to fishermen’s safety.

Change, of course, will continue and Seafish now has to work with the four Fisheries Administrations to take on the recommendation from the Government Policy Paper, “Scotland in the United Kingdom: An Enduring Settlement”, that there should be “discussion on how the governance arrangements for the Seafish levy can ensure that spend between the four administrations is transparent and equitable”. We will aim to ensure that the benefits of improved collaboration between Seafish and levy payers are maintained in any new proposals.

**THE SEA FISH INDUSTRY AUTHORITY
FOREWORD BY PAUL WILLIAMS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

The other change is that there will be a new Chief Executive writing this introduction next year. I have enjoyed my time at Seafish, particularly in working with the wonderful people I have met in every sector of the industry and in the government departments. I believe that my successor will be stepping into an organisation that is well equipped for the future and is providing real benefit to the seafood industry.

This is my final opportunity to give my heartfelt thanks to all the Seafish staff for their hard work over the last year, but also to all my colleagues, in Seafish and in the wider industry, for making my time at Seafish such an entertaining and enjoyable adventure.

**P Williams – Chief Executive
5th October 2015**

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

The strategic 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.

For the life of this Corporate Plan, our mission has been 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.

Performance Review

Our operational activity is reported in our Seafish Delivery Report, which details our performance in reference to the objectives, outputs and outcomes we set out in our Corporate Plan 2012-15. This report is available on the [Seafish website](#), with a suite of other corporate planning and reporting documents. Going forward, we will issue an annual Delivery Report that looks at performance over the course of each of the three years of our current Corporate Plan.

Financial Review of Financial Results for the Year

Seafish delivered a £3.442m deficit for 2014/15, as compared with a surplus of £1.580m in the previous year. The main reasons for this £5.022m increase in net expenditure were:

- Under IAS19 reporting requirements relating to the WYPF pension scheme, an actuarial loss of £1.784m was recognised during the year as opposed to an actuarial gain of £0.491m in 2013/14, giving a £2.275m negative movement.

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

- Project expenditure increased by £2.886m in 2014/15 as compared to 2013/14.
- Other income reduced by £0.442m as a £0.4m contribution towards the legal fees of the 2010 court case was received in 2013/14 from the liquidators of the company that raised the legal challenge.
- Staff costs increased by £0.334m as a result of the 1% annual pay award, increases in employers' N.I. and pension contributions, and 4 additional staff members being employed.
- Levy income reduced by £0.107m.
- Interest receivable was reduced by £0.055m as a result of the reduction in interest rates.

The above increases in net expenditure were partially offset by:

- Project income increasing by £0.919m in 2014/15 as compared to 2013/14.
- Redundancy costs reduced by £0.061m as there were no redundancies during the year.
- The IAS 19 pension charge reducing by £0.071m.
- A revaluation gain on the property of £0.083m.

Review of the financial position as at 31 March 2015

Seafish had net assets at 31 March 2015 of £0.667m (2014: £4.027m). This reduction of £3.360m was caused by the overall deficit for the year of £3.442m less the notional charge to Defra of £0.067m, and an increase in the Revaluation Reserve of £0.015m. It was mainly reflected in balance sheet movements as follows:

- Trade receivables and other receivables increased by £0.865m. The increase is mainly due to increases in; accrued income of £0.431m as a result of more project grant claims being outstanding, trade receivables of £0.275m largely being additional training grants outstanding, and levy debtors of £0.118m.
- Cash decreased by £0.853m as a result of the deficit generated and as detailed in the Statement of Cash Flows.
- Trade and other payables increased by £1.338m, mainly as a result of increases in: trade creditors - £0.104m; accruals - £0.953m due to the provision for un-invoiced services which were particularly high as services were finished before the end of the corporate Plan; bank overdraft - £0.333m.
- Pension liabilities increased by £2.040m.

Future Strategic Direction

The Seafish Mission Statement now includes the commitment to support a socially responsible future in addition to a profitable and sustainable future for the seafood industry. This has led to a number of initiatives including the establishment of the Ethics Common Language Group: a discussion forum for business, NGOs, government and regulators. Work arising from the concerns expressed at this group will have an influence on the future work of Seafish. Below the Mission Statement, the three high level objectives for Seafish are largely as they have been for some years: Promote Consumption, Enhance Reputation and Inform Decisions. These objectives will underpin and inform all Seafish work programmes.

The main strategic changes are likely to arise from the discussions between the four Fisheries Administrations and Ministers on the implications of the mention of Seafish in the Policy paper "Scotland in the United Kingdom: An Enduring Settlement". These discussions

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

are unlikely to change the operational structure of Seafish but may lead to changes in the governance structure.

How well are we performing?

Having completed the period for the 2012-2015 Corporate Plan, Seafish has produced a Delivery Plan which assesses performance against targets and for all the various workstreams. We have also established a new system for evaluating value for money from projects, which has been approved by the Seafish Board and is now being tested. This includes external independent evaluation of all projects with a total value greater than £0.200m.

Seafish has commissioned two independent surveys to appraise industry support, one concentrating on Panel members and their view of the Panel process and one looking more broadly at stakeholder attitudes to Seafish.

The Panel survey showed broad support for the Panel process as a method to give industry ownership of Seafish operations. The Panels were strongly seen as a meaningful way for Seafish to take industry views on Board, with two thirds of respondents stating that the Panels had lived up to or exceeded their expectations.

To understand how well different types of stakeholders understood Seafish and to what extent they felt their needs were being met, Seafish commissioned a major survey of stakeholders. The survey polled 352 key stakeholders from all areas of the industry and from partner organisations. Overall Seafish is seen reasonably positively, with two thirds of respondents satisfied with Seafish to some degree. There remains scope for improvement specifically around being innovative, listening to stakeholders, and understanding their needs. It is important to recognise that levy payers are consistently more negative than non-levy payers.

Risk and uncertainties

Changes in the Seafish governance structure are likely to be necessitated by the outcome of the Fisheries Administrations' discussions on the recommendation of the Policy Paper "Scotland in the United Kingdom: An Enduring Settlement". This stated that there should be "discussion on how the governance arrangements for the Seafish levy can ensure that spend between the four administrations is transparent and equitable".

It is important that any changes to, for example, the Seafish Panel structure are done in such a way as to ensure that the gains made over the last few years in terms of closer working between Seafish and industry, better industry engagement, and improved benefits to industry, are not jeopardised.

**P Williams – Chief Executive
5th October 2015**

THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

History and statutory background

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

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 United Kingdom;
- (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 SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

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 2015, each panel met two times to review the progress on the delivery of the Corporate Plan. There was also one combined panel meeting during the year.

Board members

There are nine non-executive Board members, appointed jointly by the Minister of State for Farming, Food and the Marine Environment (Defra), the Cabinet Secretary for Rural Affairs and the Environment (Scotland), the Minister for Natural Resources (Wales) and the Minister for Agriculture and Rural Development in the Northern Ireland Executive. Four Board Members are independent of the sea fish industry and the remaining five members have expertise in and represent the interests of the sea fish industry.

Independent:	Elaine Hayes (Chairperson) Clare Dodgson Philip Huggon Jane Ryder
Industry:	Peter Hajipieris Michael Park Stephen Parry James Wilson Michel Kaiser

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

Board meetings, which are properly conducted and minuted, are held regularly to ensure overall control over the operations of Seafish is exercised. The Chief Executive and 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 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.

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

THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

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

Management

The management of Seafish comprised the following executive directors during 2014/15:

Dr. P. Williams (Chief Executive)
Mrs J. Anderson (Business Services Director)
Mr T Pickerell (Technical Director)
Mrs M Groundsell (Corporate Relations Director)

Business review and future developments

The Statement of Comprehensive Net Expenditure is set out on page 28 of the accounts. The net loss for the year, after taxation, amounted to £1.741m (2013/14: net income £1.089m).

A detailed Strategic Report is set out on pages 6 to 8. The Strategic Report contains a performance and financial review of the activities undertaken by Seafish during 2014/15 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 2015, £0.164m was owed to trade creditors representing seven days purchases outstanding (31 March 2014 – 4 days).

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 2015 of £11.400m (31 March 2014: deficit of £9.400m). 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 2015 the liability for SPLAF was £0.291m (2014: £0.281m). The total pension liability at 31 March 2015 is therefore £11.710m (2014: £9.670m) as per note 10f of the accounts.

**THE SEA FISH INDUSTRY AUTHORITY
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Union recognition

The number of staff who were members of the union, Unite, exceeds 50%, 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 2014/15 was six days (2013/14: three days) per person.

Employee involvement

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

Staff split by Gender

Changes to the Companies Act 2006 set out new legislation that the gender split of employees must be reported. Seafish's total staff as at the 31 March 2015 is shown in the below table. This table includes permanent and temporary staff.

	Male	Female
Non-Executive Directors	6	3
Executive Directors	2	2
Management Staff	8	5
Panel Members	10	0
All Other Staff	35	25
Total Staff	61	35

**THE SEA FISH INDUSTRY AUTHORITY
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Auditors

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2014/15 is £0.035m (2013/14: £0.036m). There was no non-statutory audit work undertaken by the Comptroller and Auditor General in 2014/15 or 2013/14.

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.

**P Williams – Chief Executive
5th October 2015**

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

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 and is chaired by the Deputy Chairman. Members during the year to 31 March 2015 were Jane Ryder, Clare Dodgson and Peter Hajiperis. Meetings are normally held not less than twice a year and minutes are taken at all meetings. The committee met three times during the year.

Executive Directors 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 2015.

	Contract start date	Contract expiry date	Notice period	Unexpired term
Paul Williams <i>Chief Executive</i>	01/01/2004	Indefinite	6 months	n/a
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 REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

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 2015.

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

Set out below are details of the remuneration of Seafish's senior executive staff during the year to 31 March 2015. Benefits in kind comprise car benefit, medical insurance and professional subscriptions.

The following information is subject to audit:

	Basic Salary		Bonus		Benefits in Kind		Compensation		Pension Benefit		Total	
	(Bands of £5,000)		(Bands of £5,000)		(Nearest £100)		(Bands of £5,000)		(Nearest £000)		(Bands of £5,000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Paul Williams	95-100	95-100	0-5	0-5	5,900	4,000	n/a	n/a	16	20	120-125	120-125
Janice Anderson	80-85	80-85	0	0	4,200	3,400	n/a	n/a	8	8	90-95	90-95
Tom Pickerell	70-75	50-55 (FYE: 70-75)	0-5	0	7,200	5,300	n/a	n/a	7	2	90-95	60-65
Mel Groundsell	65-70	5-10 (FYE: 65-70)	0-5	0	4,100	400	n/a	n/a	1	0	70-75	5-10
Rob Bruce	n/a	15-20 (FYE: 75-80)	n/a	0	n/a	900	n/a	10-15	n/a	2	n/a	35-40
Jon Harman	n/a	0-5 (FYE: 90-95)	n/a	0	n/a	100	n/a	n/a	n/a	0	n/a	0-5

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Pension Scheme particulars of executive directors

Set out below are the Pensions Scheme particulars of Seafish's senior executive staff during the year to 31 March 2015.

	Pension Scheme details	Employees contribution rate	Employers contribution rate
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

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 2015.

	Real increase in pension £'000	Real increase in pension lump sum £'000	Total accrued pension at 31/03/2015 £'000	Lump sum at 31/03/2015 £'000	CETV at 31/03/2015 £'000	Increase in CETV £'000
Paul Williams	0-2.5	0-2.5 decrease	15-20	15-20	255	30

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.

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Pension entitlement of executive directors: defined contribution schemes

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 2015.

	Employer's contribution	
	For the year ended 31-Mar-15 £000	For the year ended 31-Mar-14 £000
Janice Anderson	8	8
Tom Pickerell	7	2
Mel Groundsell	1	0
Rob Bruce	n/a	2

Relationship between highest paid director and the median earnings in the workforce

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 remuneration of the highest paid director in Seafish in 2014/15 was £103,400 (2013/14: £102,500). This was 2.86 times (2013/14: 2.86 times) the median salary of the workforce, which was £36,133 (2013/14: £35,874)

In 2014/15 or 2013/14 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.

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Non-Executive Directors' Emoluments

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

	2014-15	2013-14		
Name and title	Salary in £5k bands £000	Salary in £5k bands £000	Date of appointment	Appointment ends
E Hayes Chair	15-20	15-20	01/01/2013	31/12/2015
J Ryder OBE Deputy Chair	10-15	10-15	01/04/2012	31/03/2015
M Kaiser Industry Member (Deputy Chairman 2012)	5-10	5-10	01/04/2012	31/03/2015
C Dodgson Independent Member	5-10	5-10	01/04/2012	31/03/2017
P Hajipieris Industry Member	5-10	5-10	01/04/2012	31/03/2017
P Huggon Independent Member	5-10	5-10	01/04/2012	31/03/2015
M Park Industry Member	5-10	5-10	01/07/2010	31/03/2017
S Parry Industry Member	5-10	0-5	01/04/2012	31/03/2017
J Wilson Industry Member	5-10	5-10	14/04/2009	31/03/2017

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.

P Williams – Chief Executive
5th October 2015

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2015**

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 Ministers have appointed the Chief Executive as Accounting Officer of the Sea Fish Industry Authority. The responsibilities of an Accounting Officer; including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Sea Fish Industry Authority's assets; are set out in 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.

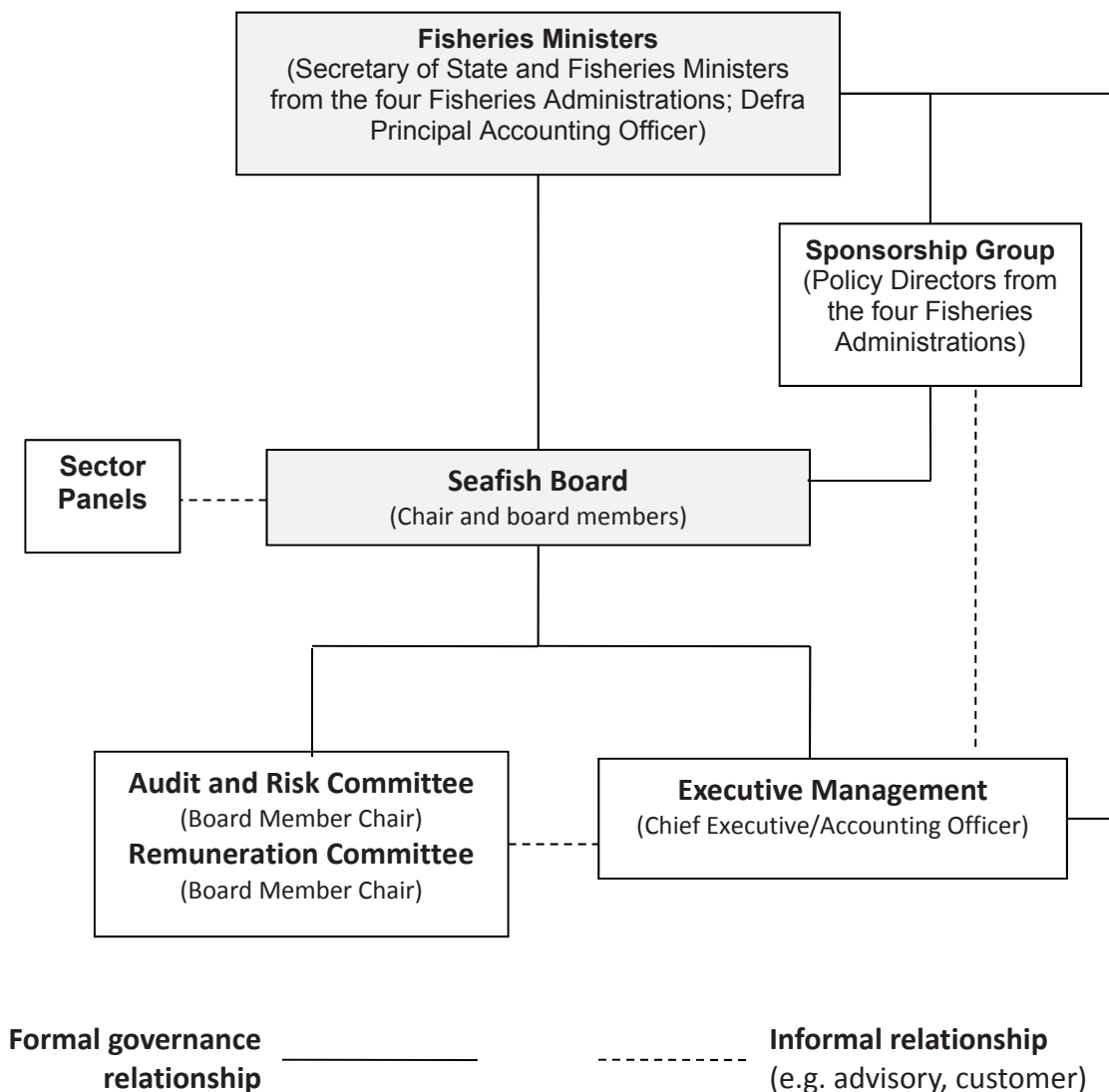
**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

As Accounting Officer, I have the responsibility for maintaining a sound system of risk, 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; 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 2014/15.

GOVERNANCE STRUCTURE



THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

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

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

The four Administrations 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 Export; Processing and Import; Consumer and Supply Chain.

The Seafish Board agrees 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 BOARD

As stated in the directors' report on page 9, there were nine non-executive Board Members during the year, four of whom were independent members, 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.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

BOARD MEETINGS

The meeting attendance records for Board Members during 2014/15 are detailed in the table below:

Board Member	Board		ARC		RemCom		Possible	Attended
	Possible	Attended	Possible	Attended	Possible	Attended	Total	Total
Elaine Hayes (Chair)	4	4	0	0	0	0	4	4
Jane Ryder OBE (Deputy Chair)	4	4	3	3	2	2	9	9
Clare Dodgson	4	2	0	0	2	2	6	4
Peter Hajiperis	4	2	0	0	2	2	6	4
Philip Huggon	4	4	3	3	0	0	7	7
Michael Kaiser	4	3	0	0	0	0	4	3
Mike Park	4	3	3	2	0	0	7	5
Stephen Parry	4	2	3	3	0	0	7	5
James Wilson	4	3	0	0	0	0	4	3

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.

During 2014/15, the Seafish Board considered the following significant items:

- **Value for Money**
The Board endorsed a Value for Money strategy that had previously been approved by ARC.
- **Change management**
The Board were also briefed by Remuneration Committee (RemCom) regarding the progress of the change management programme.
- **Corporate Plan**
The Board approved the Corporate Plan for 2015/18 that was issued to the four Administrations for approval.
- **Various staff policies**
The Board endorsed the following revised policies that had previously been approved by RemCom: whistle blowing, anti-bribery, equality, and bullying and harassment.

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.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Board effectiveness

As noted above, the Board met four times during the year and identified and considered various issues with the significant ones as noted above. The Board was supported by the work carried out by both the Audit and Risk Committee and the Remuneration Committee.

In the previous year, the Board agreed five objectives covering their roles in ensuring good governance, strategic leadership and delivery from Seafish, and also covering their relationship with the wider industry and each other. The role at Board meetings of the Panel Chairs was clarified in a written position agreed by Board members and Panel Chairs, which explained that there were circumstances where the Seafish Board would meet without the attendance of the Panel Chairs. The base assumption would be that Panel Chairs would attend all Board meetings, but they could be excluded, for example, to allow private discussion on issues of Board governance.

In line with best practice, the Board conducted a self-assessment exercise in April 2015, which was facilitated by the NAO. The Board considered that they were effective with minor areas for improvement which are being addressed.

AUDIT AND RISK COMMITTEE (ARC)

The ARC was chaired by the Seafish Deputy 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 22.

During 2014/15, this committee has:

- Considered the Annual Report and Accounts for the year to 31 March 2014.
- Had assurance from a follow up internal audit on project management that reported that all previous recommendations had been implemented.
- Considered an internal audit report on accounting systems and controls that identified 2 medium and 3 low level recommendations that have all been agreed and are being implemented.
- Considered an internal audit of the procurement systems that reported four medium and one low priority recommendations. All of the recommendations were agreed and are being implemented.
- Reviewed a Value for Money Strategy that was subsequently approved by the Board.
- Considered that the governance of the organisation has become stronger, giving more assurance to the Board and the Accounting Officer
- Continued with the approach of differentiating between less formal drill downs, which are staff led and likely to identify aspects needing further development, and more formal internal audit work which tests and validates systems.

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

Overall, ARC has continued to be able to deliver on a significant and valuable programme of activity, and acknowledges that the underlying systems have improved considerably with a more reliable framework of assurance in place at the end of 2014/15.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

ARC effectiveness

In line with best practice, ARC undertook a self-evaluation of its performance in February 2015. It was agreed ARC had achieved a great deal over the year, was a well-functioning committee, and had been very effective.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by the Seafish Deputy Chair 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 three times during the year and has:

- considered staff development and training.
- continued with the oversight of the internal change management programme that was introduced in 2013/14 to ensure that the momentum on progress is not lost.
- agreed the scoping of internal audit work relating to evaluate the effectiveness of the performance management system introduced in April 2014.
- reviewed various staff policies.

Significant issues

For 2014/15 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 revised its risk management strategy in 2013/14, embedding risk management in the business processes. The benefits of the improved strategy and systems have been seen in 2014/15. Risk management has become very robust during the year, with risks being considered and added to the risk register where relevant. In 2014/15 we have seen this process operating much more fluidly, resulting in a 'live' approach. This has been a significant improvement to the way this operated in previous years.

The approach taken is that:

- identification and assessment of risks is embedded at all levels throughout the organisation. Risks are considered at all stages of establishing and implementing corporate strategy and operational plans.
- risks are grouped and assessed as either strategic or operational risks.
- once the risks are identified, they are evaluated in terms of probability of the risk occurring, and potential impact should the risk occur.
- significant risks are entered on the risk register.
- the risk register has named risk owners.
- all significant risks have an action plan to mitigate or eliminate the risk as appropriate.

THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

- 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.

Key risks

- During 2013/14, the Board and ARC identified a key risk as being the change to the constitution of the UK and the potential impact on Seafish. This risk has now been replaced with the following new risk as a result of the publication of the Smith Commission Report.
Although the Smith Commission report did not specifically mention Seafish, it did make note of the role of levy bodies. The resultant policy paper “Scotland in the UK: An Enduring Settlement” did address Seafish and proposed discussion on how the governance arrangements for the levy can ensure that spend between the four administrations is transparent and equitable. The Fisheries Administrations are now carrying out this discussion and the likely changes to the future structure and governance of Seafish is now recognised as a new risk.
- A risk identified since the year end is that the CEO and Chair are both leaving Seafish within 6 months of each other, and this potential disruption gives a new risk to operational delivery and ongoing governance.

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 2014/15.

Conclusion

The governance arrangements of Seafish have continued to improve over the course of 2014/15, and support the delivery of essential operations and services for the sea fish industry.

**P Williams – Chief Executive
5th October 2015**

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

I have audited the financial statements of the Sea Fish Industry Authority for the year ended 31 March 2015 under the Fisheries Act 1981. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Sea Fish Industry Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Fisheries Act 1981. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sea Fish Industry Authority's affairs as at 31 March 2014 and of the 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 part of the Remuneration Report to be audited has been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder; and
- the information given in the foreword, strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Sir Amyas C E Morse

12th October 2015

Comptroller and Auditor General

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

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2014-15 £000	2013-14 £000
Expenditure			
Staff costs	4b	3,510	3,176
Redundancy costs	4e	0	61
IAS 19 pension charge	4c	372	443
Depreciation and amortisation	5&6	146	110
Other expenditure	3	9,006	6,085
		<u>13,034</u>	<u>9,875</u>
Income			
Levy income	2a	(8,301)	(8,408)
Project Income	2b	(2,717)	(1,798)
Other Income	2b	(612)	(1,054)
		<u>(11,630)</u>	<u>(11,260)</u>
Net expenditure/(income)		1,404	(1,385)
Interest receivable		(73)	(128)
Financing expense on pension scheme assets and liabilities	10b	395	398
Net expenditure/(income) after interest		<u>1,726</u>	<u>(1,115)</u>
Taxation		15	26
Net expenditure/(income) after taxation		<u>1,741</u>	<u>(1,089)</u>
Other Comprehensive Expenditure/(Income)			
Actuarial loss/(gain) on pension scheme assets and obligations	10c	1,784	(491)
Net gain on revaluation of property, plant and equipment	5	(83)	0
Total Comprehensive Net expenditure/(Income)		<u>3,442</u>	<u>(1,580)</u>

The notes on pages 32 to 55 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	31 March 2015 £000	31 March 2014 £000
Non-current assets			
Property, plant and equipment	5	1,028	983
Intangible assets	6	45	84
Total non-current assets		<u>1,073</u>	<u>1,067</u>
Current assets			
Trade and other receivables	8	3,813	2,948
Cash and cash equivalents	14	<u>10,034</u>	<u>10,887</u>
Total current assets		13,847	13,835
Total assets		<u>14,920</u>	<u>14,902</u>
Current liabilities			
Trade and other payables	9	<u>(2,543)</u>	<u>(1,205)</u>
Total current liabilities		(2,543)	(1,205)
Non-current assets plus net current assets		<u>12,377</u>	<u>13,697</u>
Non-current liabilities			
Provisions - non-funded pension liabilities	10	(4,260)	(4,076)
Pension liabilities	10	<u>(7,450)</u>	<u>(5,594)</u>
Total non-current liabilities		(11,710)	(9,670)
Assets less liabilities		<u>667</u>	<u>4,027</u>
Reserves			
Revaluation reserve		119	104
General fund		7,998	9,517
Pensions reserve		(7,450)	(5,594)
		<u>667</u>	<u>4,027</u>

**P.Williams - Chief Executive
5th October 2015**

The notes on pages 32 to 55 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net (expenditure)/income		(1,404)	1,385
Depreciation and amortisation	5&6	146	110
(Increase)/decrease in trade receivables	8	(865)	479
Increase/(decrease) in trade payables	9	1,338	(940)
Use of provisions		145	430
Board remuneration paid by Defra		67	67
Defined pension contributions paid	10	(284)	(273)
Corporation tax paid		(15)	(31)
Net cash inflow/(outflow) from operating activities		<u>(872)</u>	<u>1,227</u>
Cash flows from investing activities			
Interest received		73	226
Purchase of property, plant and equipment	5&6	(54)	(98)
Net cash inflow from investing activities		<u>19</u>	<u>128</u>
Net (decrease)/increase in cash and cash equivalents in the period			
		(853)	1,355
Cash and cash equivalents at the beginning of the period	14	10,887	9,532
Cash and cash equivalents at the end of the period	14	<u>10,034</u>	<u>10,887</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 (£4.260m at 31 March 2015), a six month operating cushion of £3.900m and general working capital of £1.000m. This totals £9.160m and is covered by the cash balance of £10m at 31 March 2015.

The notes on pages 32 to 55 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2013	104	7,618	(5,342)	2,380
Changes in taxpayers' equity for 2013/14				
Transfers between reserves	0	743	(743)	0
Actuarial gain on pension scheme assets and obligations	0	0	491	491
Notional charge to Defra	0	67	0	67
Retained net income	0	1,089	0	1,089
Balance at 31 March 2014	104	9,517	(5,594)	4,027
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	0	0	(1,784)	(1,784)
Notional charge to Defra	0	67	0	67
Total net expenditure	0	(1,741)	0	(1,741)
Gain on revaluation	15	83	0	98
Balance at 31 March 2015	119	7,998	(7,450)	667

Pension Reserve

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

Revaluation Reserve

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

General Fund

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

The notes on pages 32 to 55 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015**

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

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

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

- Pension liabilities (reported in note 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 2015**

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 full valuation was last undertaken as at 31 March 2015. The valuation of £860,000 is incorporated in these accounts.

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

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

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

1.3 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
Computer equipment	33
Intangible asset — software	33

Freehold buildings are depreciated over their estimated useful economic life. The buildings were valued in March 2015 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2045. 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 SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

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 2015. 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 Net Expenditure in the year in which they arise.

1.8 Leases

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

1.9 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.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

1.10 Grants receivables

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

The European Union and United Kingdom Fisheries Departments reserve the right for grants to be repaid if during a period of six years from the date of final claim it is found that the conditions of grant were breached. Seafish has reviewed the need for a contingent liability in respect of grants receivable, and does not consider this necessary.

1.11 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 2015, Seafish had no contingent liabilities (31 March 2014: 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.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

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 Net Expenditure. The current service costs are shown as the IAS19 pension adjustment under Expenditure in the Statement of Comprehensive Net Expenditure.

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

ii. Defined Contribution Schemes

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

1.15 Pending application of newly issued accounting standards not yet effective

All International Reporting Standards (IFRS), Interpretations and Amendments to Published Standards, effective at March 2015, 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 and no disclosures have been made.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

2. Income

a) Levy Income

Fees and charges (recovered costs)

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

	2013-14		
	Income	Full Cost	Surplus
	£000	£000	£000
Levies collected under the Fisheries Act 1981	8,408	7,102	1,306

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 recovering all costs.

The information provided has been for fees and charges purposes and not for IFRS8 purposes.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

b) Project and other income

	2014-15 £000	2013-14 £000
Project income		
EU	1,382	404
Non EU	1,335	1,394
	<u>2,717</u>	<u>1,798</u>
Other income		
Commercial income	594	648
Payment towards High Court legal costs	0	400
VAT recovery	18	6
	<u>612</u>	<u>1,054</u>
Total	<u>3,329</u>	<u>2,852</u>

3. Other expenditure

Details of Seafish expenditure is made up as follows:

	2014-15 £000	2013-14 £000
Project Activities		
- EU	0	341
- Other	7,204	3,977
	<u>7,204</u>	<u>4,318</u>
Commercial Activities		
- EU	0	0
- Other	234	223
	<u>234</u>	<u>223</u>
Location costs	446	462
Professional fees	18	35
Motor vehicle costs	135	154
Other administration costs	120	111
Travel & subsistence	150	122
Staff training & recruitment	174	233
Consultancy spend	115	78
Repairs & maintenance	14	6
Computing costs	117	79
Increase in receivables impairment	6	1
Auditors remuneration	35	36
Operating lease rental	238	227
	<u>1,568</u>	<u>1,544</u>
Total other expenditure	<u>9,006</u>	<u>6,085</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

4. Staff numbers and related costs

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

	Management and Staff		Agency & Temp Contract Staff		Total Staff	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Research	36	35	2	2	38	37
Business development	24	23	1	2	25	25
Corporate services	17	15	2	1	19	16
Board Members	9	9	0	0	9	9
Panel Members	11	11	0	0	11	11
	<u>97</u>	<u>93</u>	<u>5</u>	<u>5</u>	<u>102</u>	<u>98</u>

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

	Management and Staff		Agency & Temp Contract Staff		Total Staff	
	2014-15 £000	2013-14 £000	2014-15 £000	2013-14 £000	2014-15 £000	2013-14 £000
Gross salaries	2,994	2,654	108	81	3,102	2,735
Social security costs	261	258	9	11	270	269
Agency staff costs	0	0	41	15	41	15
Defined contribution scheme costs	97	64	0	0	97	64
Defined benefit scheme past service costs	0	93	0	0	0	93
	<u>3,352</u>	<u>3,069</u>	<u>158</u>	<u>107</u>	<u>3,510</u>	<u>3,176</u>

The salaries of the non-executive directors are paid by Defra. The amount paid by Defra during the year to March 2015 amounted to £0.067m (2014: £0.067m), and is included as a notional cost in gross salaries above.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

4. Staff numbers and related costs (continued)

(c) Analysis of pension costs

	2014-15	2013-14
	£000	£000
Pension current service cost	372	443
	<u>372</u>	<u>443</u>

(d) Executive directors' emoluments and pension benefits

Details of emoluments and pension benefits for the executive directors are shown in the Remuneration Report at pages 14 to 18. Details of related party transactions are shown in note 15.

(e) Redundancy Costs

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

During the year to March 2014, one member of staff was made redundant and two other departures were agreed at a cost of £0.061m.

	31 March 2015			31 March 2014		
Exit package Cost band	Compulsory redundancies	Other departures agreed	Total exit packages by cost band	Compulsory redundancies	Other departures agreed	Total exit packages by cost band
Under £10,000	0	0	0	0	0	0
£10,001-£25,000	0	0	0	0	2	2
£25,001-£50,000	0	0	0	1	0	1
£285,001-£290,000	0	0	0	0	0	0
Total number of exit packages by type	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>
Total resource cost £	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,670</u>	<u>34,427</u>	<u>61,097</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

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 1st April 2014	150	700	239	346	1,435
Revaluation	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 1st April 2014	0	66	196	190	452
Charge for year	0	22	12	62	96
Revaluation	0	(88)	0	0	(88)
Disposals	0	0	0	0	0
At 31 March 2015	0	0	208	252	460
Net book value					
At 31 March 2015	165	695	31	137	1028

Seafish land and buildings are offices in Edinburgh. The office was surveyed and valued by DTZ, independent Chartered Surveyors as at 31 March 2015 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 2015**

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 1st April 2013	150	700	236	256	1,342
Additions	0	0	3	90	93
Disposals	0	0	0	0	0
At 31 March 2014	<u>150</u>	<u>700</u>	<u>239</u>	<u>346</u>	<u>1,435</u>
Depreciation					
At 1st April 2013	0	44	180	139	363
Charge for year	0	22	16	51	89
Disposals	0	0	0	0	0
At 31 March 2014	<u>0</u>	<u>66</u>	<u>196</u>	<u>190</u>	<u>452</u>
Net book value					
At 31 March 2014	<u>150</u>	<u>634</u>	<u>43</u>	<u>156</u>	<u>983</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

6. Intangible assets

Intangible assets - software	£000
Cost or valuation	
At 1 April 2014	295
Additions	11
Disposals	0
At 31 March 2015	<u>306</u>
Amortisation	
At 1 April 2014	211
Charged in year	50
Disposals	0
At 31 March 2015	<u>261</u>
Net book value at 31st March 2015	<u><u>45</u></u>

Intangible assets comprise software licenses.

Intangible assets - software	£000
Cost or valuation	
At 1 April 2013	290
Additions	5
Disposals	0
At 31 March 2014	<u>295</u>
Amortisation	
At 1 April 2013	190
Charged in year	21
Disposals	0
At 31 March 2014	<u>211</u>
Net book value at 31st March 2014	<u><u>84</u></u>

7. Impairments

There were no impairments of fixed or intangible assets during the year (2014: nil).

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

8. Trade receivables and other current assets

	31 March 2015	31 March 2014
Amounts falling due within one year	£000	£000
Trade receivables	679	404
Provision for impairment of trade and levy receivables	(12)	(7)
Levy receivables	1,518	1,400
Prepayments	152	131
Accrued Income	281	712
EU accrued income	1,195	308
	<u>3,813</u>	<u>2,948</u>

The above receivables include £0.480m (2014: £0.205m) being due from central government bodies.

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

	31 March 2015	31 March 2014
Trade receivables	£000	£000
Less than one month	491	196
More than one month less than three months	106	33
More than three months	82	168
	<u>679</u>	<u>397</u>

9. Trade payables and other current liabilities

	31 March 2015	31 March 2014
Amounts falling due within one year	£000	£000
Bank overdraft	333	0
Trade payables	164	60
Accruals	1,742	789
Deferred income	114	158
PAYE and social security	71	78
VAT	60	54
Corporation tax	15	26
Pensions contributions payable	44	40
	<u>2,543</u>	<u>1,205</u>

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

The above payables includes £0.146m (2014: £0.158m) being due to central government bodies.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements

(a) Information on the Schemes

West Yorkshire Pension Fund (WYPF)

Seafish operates 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 2016 on the basis of the assumptions used.

The assets shown are an estimate of Seafish's notional share of the total fund assets as at 31 March 2015. 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 2015.

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 the Norwich Union. 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 SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements (continued)

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 Net Expenditure

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

	Funded	Non- funded	SPLAF	Total
	2014	2014	2014	2014
	£000	£000	£000	£000
Interest cost	(1,770)	(162)	(12)	(1,944)
Expected return on plan assets	1,546	-	-	1,546
Financing income/(expense) on pension scheme assets	(224)	(162)	(12)	(398)
Current service cost	(443)	-	-	(443)
Past service cost	(93)	-	-	(93)
	<hr/>	<hr/>	<hr/>	<hr/>
Total income/(expense) recognised in profit and loss	(760)	(162)	(12)	(934)

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements (continued)

(c) Amounts charged to other comprehensive income

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

	Funded	Non- funded	SPLAF	Total
	2014	2014	2014	2014
	£000	£000	£000	£000
Actuarial losses on liabilities	1,415	209	23	1,647
Remeasurement gains/(losses) on assets	(1,156)	-	-	(1,156)
	<u>259</u>	<u>209</u>	<u>23</u>	<u>491</u>

(d) Movements in the fair value of scheme assets

	Funded	Non- funded	SPLAF	Total
	2015	2015	2015	2015
	£000	£000	£000	£000
At 1 April 2014	35,605	-	-	35,605
Expected return on scheme assets	1,466	-	-	1,466
Contributions	384	227	24	635
Remeasurement gains/(losses) on assets	2,415	-	-	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>

	Funded	Non- funded	SPLAF	Total
	2014	2014	2014	2014
	£000	£000	£000	£000
At 1 April 2013	36,650	-	-	36,650
Expected return on scheme assets	1,546	-	-	1,546
Contributions	366	234	24	624
Remeasurement gains/(losses) on assets	(1,156)	-	-	(1,156)
Benefits/transfers paid	(1,801)	(234)	(24)	(2,059)
At 31 March 2014	<u>35,605</u>	<u>-</u>	<u>-</u>	<u>35,605</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements (continued)

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

	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	-	-	372
Interest cost	1,695	155	11	1,861
Contributions	124	-	-	124
Past service cost	-	-	-	-
Actuarial (gains)/losses on experience	(303)	(36)	20	(319)
Actuarial (gains)/losses on demographic assumptions	-	-	-	-
Actuarial (gains)/losses on financial assumptions	4,233	282	3	4,518
Benefits/transfers paid	(1,826)	(227)	(24)	(2,077)
At 31 March 2015	<u>45,494</u>	<u>3,969</u>	<u>291</u>	<u>49,754</u>

	Funded	Non- funded	SPLAF	Total
	2014	2014	2014	2014
	£000	£000	£000	£000
At 1 April 2013	41,992	4,076	316	46,384
Current service cost	443	-	-	443
Interest cost	1,770	162	12	1,944
Contributions	117	-	-	117
Past service cost	93	-	-	93
Actuarial (gains)/losses on experience	333	(99)	(22)	212
Actuarial (gains)/losses on demographic assumptions	426	108	12	546
Actuarial (gains)/losses on financial assumptions	(2,174)	(218)	(13)	(2,405)
Benefits/transfers paid	(1,801)	(234)	(24)	(2,059)
At 31 March 2014	<u>41,199</u>	<u>3,795</u>	<u>281</u>	<u>45,275</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements (continued)

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

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

	Funded	Non- funded	SPLAF	Total
	2014	2014	2014	2014
	£000	£000	£000	£000
Deficit at the start of the year	(5,342)	(4,076)	(316)	(9,734)
Contributions paid	249	-	24	273
Current service cost	(443)	-	-	(443)
Past service cost	(93)	-	-	(93)
Actuarial losses	259	209	23	491
Interest cost	(1,770)	(162)	(12)	(1,944)
Expected return on scheme assets	1,546	-	-	1,546
Benefits/transfers paid	-	234	-	234
	(5,594)	(3,795)	(281)	(9,670)

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

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 2015	Funded	Un-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)		
31 March 2014	Funded	Un-funded	SPLAF
Rate of inflation (RPI)	3.3%	3.2%	3.2%
Rate of inflation (CPI)	2.3%	2.2%	2.2%
Rate of increase in salaries	3.8%	N/A	N/A
Rate of increase in pensions	2.3%	2.2%	2.2%
Discount rate	4.2%	4.2%	4.2%
Mortality tables	1992 (PMA and PFA)		

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements (continued)

(g) Assumptions (Continued)

Scheme assets

31 March 2015	Funded	Un-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%

31 March 2014	Funded	Un-funded	SPLAF	Total
Equities	75.6%	75.6%	N/A	75.6%
Government bonds	10.2%	10.2%	N/A	10.2%
Other bonds	5.5%	5.5%	N/A	5.5%
Property	3.0%	3.0%	N/A	3.0%
Cash / liquidity	2.7%	2.7%	N/A	2.7%
Other	3.0%	3.0%	N/A	3.0%

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		Non-funded WYPF		SPLAF	
	31-Mar-15 Years	31-Mar-14 years	31-Mar-15 years	31-Mar-14 years	31-Mar-15 years	31-Mar-14 Years
Male currently aged 65	22.6	22.5	22.6	22.5	22.6	22.5
Female currently aged 65	25.5	25.4	25.5	25.4	25.5	25.4
Male currently aged 45	24.8	24.7	n/a	n/a	n/a	n/a
Female currently aged 45	27.8	27.7	n/a	n/a	n/a	n/a

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10. Pension scheme arrangements (continued)

(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 below:

Change in Assumption	Approximate % increase in employer liability	Approximate monetary amount (£'000)
0.1% decrease in discount rate	1.5%	687
One year increase in member life expectancy	2.7%	1,224
0.1% increase in salary increase rate	0.2%	100
0.1% increase in pension increase rate	1.4%	622

11. Events after the reporting date

Issue of accounts

In accordance with the requirements of IAS 10, events after 31 March 2015 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.

12. 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.

	2015 £000	2014 £000
Buildings:		
Not later than one year	104	104
Later than one year and not later than five years	218	307
Later than five years	35	45
	<u>357</u>	<u>456</u>

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Other:		
Not later than one year	141	141
Later than one year and not later than five years	146	287
Later than five years	0	0
	<u>287</u>	<u>428</u>

Seafish also occupy a small office under licence in Hull at a cost of £1k per month.

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.

13. Financial instruments (continued)

Credit risk

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

Foreign currency risk

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

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Fair values

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

14. Cash and cash equivalents

	31 March 2015	31 March 2014
	£000	£000
Balance at 1 April	10,887	9,532
Net change in cash and cash equivalent balances	(853)	1,355
Balance at 31 March	<u>10,034</u>	<u>10,887</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	6,034	22
Short term investments	4,000	10,865
Balance at 31 March	<u>10,034</u>	<u>10,887</u>

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 2015 unless otherwise stated:

Deputy Chair Ms J Ryder is:

- a non-executive director of the Marine Management Organisation from whom Seafish received £621,206.34.

Board Member Mr P Huggon is:

- a director of The Potato Council from whom Seafish received £616.20.

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Board Member Mr S Parry is:

- a technical advisory board member of Marine Stewardship Council from whom Seafish received £1,560.
- a board member of Fisheries Innovation Scotland which was paid £100,000.

Board Member Mr M Park is:

- a director of Scottish Fishermen's Federation Services which was paid £2,968.75.
- a director of Fisheries Innovation Scotland which was paid £100,000.
- a director of Scottish White Fish Producers Association Limited which was paid £238 by Seafish.

Board Member Mr J Wilson is:

- a director of the Shellfish Association of Great Britain which was paid £25,180.76 by Seafish.

