



**The Sea Fish
Industry Authority
Annual Report and
Accounts 2009/2010**

The Sea Fish Industry Authority

ANNUAL REPORT & ACCOUNTS 2009/2010

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

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March 2012

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH 2010**

History and statutory background

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

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

Principal activities

Seafish's remit has remained largely unchanged since the organisation was founded on 1 October 1981 by an Act of Parliament. 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 and 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:

- **Information** - providing support for industry's business decisions
- **Safety** - creating a safer working environment for fishermen at sea
- **Environment** - protecting the environment at sea and on land
- **Standards** - supporting quality and efficiency standards, developing improvement through research and providing industry accreditation
- **Regulation** - understanding, interpreting and responding to legislation for industry
- **Consumers** - being the authoritative voice on seafood for consumers
- **Health** - promoting health messages about seafood

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Receipt of levy

Seafish is funded by a levy on the first sale of seafood landed in the UK. Levy income is approximately £8m per annum, the split of which is roughly £6m in respect of imported fish and fish products, and £2m in respect of home landed fish.

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 – Supreme Court judgment

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

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

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

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

Business review and future developments

The income and expenditure account is set out on page 34 of the accounts. The surplus for the year, after taxation, amounted to £1,067k (2009: deficit £1,267k).

A detailed Management Commentary is set out at pages 10 to 23. The Management Commentary contains a financial review of the activities undertaken by Seafish during 2009/2010 and information on future developments.

Political and charitable donations

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

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 2009/2010 was 2 days per person.

Employee involvement

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

Payment of creditors

Seafish aims to comply with the Better Payments Practice Code. Seafish policy is to pay creditors' accounts by the due date specified under each creditor's terms of payment, unless under dispute. During the year ended 31 March 2010, an extensive sample of Seafish payments of creditors revealed that 89% were paid by the due date (2009: 89%).

Pension liabilities

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The WYPF scheme has a deficit at 31 March 2010 of £15,962k (2009 deficit - £9,505k). From 1 April 2006, the WYPF scheme has not been offered to new members of staff. New starters now are offered a defined contribution scheme administered by the Legal & General Group. In addition to the WYPF, Seafish has a liability for a scheme on behalf of former Herring Industry Board employees, The Sea Fish Industry Pension and Life Assurance Fund (SPLAF). At 31 March 2010 the liability for SPLAF is £308k (2009 - £276k). Details for both schemes are shown at note 12 of the accounts.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Board members

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

Independent:	Mr C. Howeson (Chair, retired June 2010)
	Mr J. S. Whitehead OBE (Deputy Chair, appointed Interim Chair from July 2010)
	Prof. M. Kaiser
	Mr P.W. Kerr (appointed 15 June 09)
Industry:	Mrs L. Cross
	Mr Q. Clark (appointed 14 April 09)
	Mr I. M. MacSween OBE
	Mr O. Norgaard
	Mr M. Park
	Mr M. Parker
	Mr A. West MBE
	Mr J. Wilson (appointed 14 April 09)

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

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

Board members' responsibilities

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

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

In preparing the accounts, the Board Members adopt an oversight role to ensure the accounts are prepared on an accruals basis, observe the accounts direction given by

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Ministers, apply suitable accounting policies on a consistent basis, make reasonable judgements and estimates and comply with all applicable accounting standards.

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

Management

The management of Seafish comprised the following Executive Directors during 2009/10:

Mr J. A. Rutherford (Chief Executive)
Dr J. Harman (Development Director)
Dr P. Williams (Research Director)
Mr J. G. Campbell (Finance Director)

Corporate governance

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

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

The Audit Committee comprises four Board Members: Mr J. S. Whitehead (Chairman), Mrs L. Cross, Mr I. M. MacSween and Mr P.W. Kerr (appointed 25 June 09). The Accounting Officer (Chief Executive) and the Finance Director usually attend the meetings. Responsibilities of the Audit Committee include internal control and corporate governance, external audit, internal audit and monitoring compliance with statutory and other codes of practice. Meetings are held at least three times a year.

Auditors

The Comptroller and Auditor General is the external auditor for Seafish and the fee for the statutory audit work this year is £27k. A further fee of £3k for additional audit work relating to the transition to International Financial Reporting Standards (IFRS) was agreed this year.



J S Whitehead – Chairman
8th February 2012



P Williams – Chief Executive
8th February 2012

**MANAGEMENT COMMENTARY
FOR THE YEAR ENDED 31ST MARCH 2010**

Introduction

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

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

Our annual income has consistently been around £10 million in recent years, with approximately 80% of this obtained from levy and the remainder from grant funding and consultancy work. Delays in UK agreement of the new European Fisheries Fund mean that co-funding for Seafish projects only started to become available during 2009/2010.

Performance – 2009/2010

The Seafish work programmes reflect our strategic priorities agreed with industry in 2006: cost reduction; improving sales revenue; and responsible sourcing. Our teams aim to deliver results to the UK seafood industry needs in a cost-effective way. During the year under review our operational teams were:

- Commercial Team;
- Marketing Communications;
- Market Planning and Strategy;
- Economics;
- Research and Development (including aquaculture and inshore fisheries);
- Training and Accreditation;
- Legislation; and
- Marine Services.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Commercial Team

Background

The Commercial Team works with industry to provide regional support and a channel for advice, communication and feedback between Seafish and industry on economic and market-related issues. Two members of the team are seconded to Seafood Scotland, our delivery partner in Scotland, to share their skills and further support the inshore and processing sectors in Scotland. A third member of the team is now responsible for managing the recently established Seafood Devon and Dorset and splits this role with his other account management activities in SW England and Wales.

Value added approach

During 2009, the Commercial Team continued to increase its level of contact with industry and work towards a more focused 'value added' approach. As well as ensuring a wider range of seafood businesses were able to benefit from our services, individual members of the team increased their involvement with the delivery of specific services. We also worked to improve the ways in which delivered financial value is monitored and recorded.

Consultation

The process of consultation for our new Three year Plan began formally with the Industry Business Conference held in September 2009. Since then, the Commercial Team has played a major role in sourcing industry's views on our plans. In excess of 100 stakeholders have been consulted in face-to-face discussions following the mailing out of our strategy document to a wide list of recipients. The overall view from these meetings was one that strongly endorsed our main areas of planned activity. Comments from those consulted are recorded in ACT.

Retailer Forum

As part of a planned increase in contact and involvement with the major retailers, the team organised a 'Retailer Forum'. This brought together nearly all the major retailers and also included a number of their key suppliers. The purpose of the forum is to exchange information and discussion concerning topics of common interest within the retail seafood sector. This remit is not limited to current issues and is likely to extend to future challenges and wider global influences.

Process Excellence Service (PES)

The PES team (part of the Commercial Team) continued to expand its service to include a wider variety of seafood companies. During 2009/10 they achieved, in collaboration with their customers, £1,973,000 worth of savings resulting from improvements in efficiency over a range of processes and operations.

Summary

In a year of continued economic uncertainty, seafood suppliers, processors and retailers have frequently needed to initiate rapid changes in their business structure or operation. The Commercial Team, by engaging with seafood businesses and understanding their requirements, has ensured access to a wide array of support services. Other activities this year have included managing a successful series of conferences regarding changes to IUU regulations (Illegal, Unreported and Unregulated fishing), the Seafood Awards and the Fish and Chip Shop of the Year Competition, both of which culminated in successful awards events.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Marketing Communications

In 2009/2010, Seafish improved its overall profile significantly by layering consumer advertorials, digital media channels and a poster and leafleting campaign over its previous improvements in media profile.

Overall 'opportunities to see' the Seafish and '2 a week' brands in the media jumped from 68 million in 2008/2009 to 328 million in 2009/2010, an increase of over 400%. This increase was powered by redeploying money previously spent on the *Seafood Magazine* into consumer advertorials such as *Sky Magazine*, *The Mail on Sunday* and others.

To reflect the rapidly-changing media landscape, we began work on a web 2.0 site for Seafish which is now completed and includes interactive blogging and feeds from our Twitter and Facebook pages. Our Facebook page, set up in October 2009, now has more than 4,250 fans, and we have reached more than 20 million Facebook users with digital messages about the health benefits of seafood.

We successfully revamped our communications efforts with industry, continuing to improve the quarterly industry magazine, *The Longliner*, and creating a series of five e-alerts with breaking news for the different sectors of industry. These e-alerts have achieved an average penetration of 30%, high for an e-mail campaign. Seafish also became active in public affairs, leading the industry's communication with government around the Marine Act 2009 with a report, '*The Price of Fish?*' which was published with receptions in Westminster and Holyrood. The report won the 'Best one-off stakeholder publication' award at the 2010 Communicators in Business (Scotland) Awards.

Finally, we conducted our first successful campaign in many years with fishmongers and retailers about the health benefits of seafood. 1,000 packs of leaflets, posters and stickers were distributed to fishmongers around Britain, and the leaflets were also distributed in branches of ASDA and Tesco as a trial.

These campaigns have contributed in part to awareness of the 'enjoy seafood twice a week' message being at a high of 47%.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Market Planning and Strategy

The Market Planning and Strategy team continued their focus on understanding the demand side of the seafood market by monitoring and analysing the retail and foodservice markets to understand consumer purchasing of seafood products.

Chilled and Frozen Seafood

The 2008 Consumer Behaviour research unearthed distinct differences in the role of chilled and frozen seafood and evidenced these products being purchased for different occasions. In order to establish this more formally and investigate the level of knowledge consumers have about the intricacies of the supply chain, a full and detailed consumer research project was established in conjunction with industry.

This project, which has been widely communicated to industry via workshops, one-to-one briefings and web based presentations, showed that there continues to be a divide in the usage and occasions for these distinct categories. Chilled seafood is seen as a more premium, natural and nutritious product and therefore the category of choice when cooking a seafood meal today or tomorrow. Frozen seafood is utilised more as a stock cupboard basic, being replaced but not used immediately.

This project also unearthed the distinct lack of understanding and emotional engagement most consumers have with seafood. The complexities of the seafood supply chain are too distant for consumers to understand.

Foodservice data

In conjunction with two global industry partners, we purchased data on the UK foodservice market for the first time in a number of years. A new data provider - NPD Crest - is working with an updated panel of UK consumers and is tracking the consumption of food out of home on a quarterly basis.

Although not providing quantification of volume or value of seafood in the important foodservice market, it does provide an overview of the differing fortunes of the sectors. In 2009, pubs and restaurants continue to trade in a challenging marketplace as footfall reduces and consumers seek out increased promotional activity. Quick service restaurants - including fish and chip shops - are outperforming the sector as consumers trade down to cheaper ways to avoid cooking at home.

This new data source has been exceptionally well received by industry as for the first time it provides performance information on a species by species basis in this sector. Again, this has been widely disseminated through a range of presentations and workshops.

Retail market data

During 2009 we established a suite of reports which are created by the data provider and stored on SIN. These reports, which provide a range of sales and performance data, cater for a range of basic needs and have freed up staff time to examine more intricate category performance questions.

The market information and query service continues to be popular providing benefit to a range of industry. The team presents data widely and on a recurrent basis to groups including the FDF Shellfish Committee, the Seafish Retailer and Supplier Forum and to a wide range of international industry conferences.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Economics

Seafish Economics had another busy year, continuing to deliver key outputs although more staff changes affected delivery of services and projects.

Processing sector research and business advice - we promoted the report of the yellow fin tuna global supply chain project which was well received by large importing and processing companies. Many expressed interest in comparable research for other species groups.

Seafood Strategic Outlook - working with our customers, we investigated the supply of haddock and cod from Iceland to Hull and Grimsby. With the Humber Seafood Institute, we led a strategy workshop in which companies considered potential scenarios for the development of the Icelandic situation and possible implications. There is appetite for more collaborative research.

Strategy Workshops - we facilitated strategy workshops and contributed to the Seafish Business Conference. We analysed and reported results of facilitated sessions, highlighting the expectations of our customers regarding our Three Year Plan. We also facilitated popular workshops for individual processors and for a group of catchers in the scallop sector.

Business Benchmarking - we benchmarked the performance of processing companies against industry averages based on our survey data and also completed a detailed benchmark report for a major processing company.

Fleet economics and business advice

We completed Profitable Futures for Fishing, a major consulting project for Marine Scotland. This report evaluated proposals by industry on how to improve profitability in their fleet segment.

Also for Marine Scotland we completed an Economic Impact Assessment on the combined effects on fleet profit of the global recession, the cod recovery plan and the west coast management measures. We accompanied Scottish government representatives to meet the Commission in Brussels to present the findings of the analysis.

We produced a cost benefit analysis for deepening part of Fraserburgh Harbour in support of their application for grant aid.

Advice to Government

Hazel Curtis, Chief Economist, was appointed as a member of a Defra advisory group on its Sustainable Access to Inshore Fisheries project.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Research and Development

Over the past 12 months the R&D department has managed over 35 projects and delivered valued services in the form of training, bespoke advice and expert groups to all sectors of the industry. Below are a number of our key achievements.

Scallop competition – Seafish has facilitated a cross industry group to fund and develop a competition to develop and test new environmentally friendly scallop fishing gear. Trials will take place during the summer of 2010.

Discarding Skates & Ray – Seafish funded and managed a Cefas project assessing the survival rates from targeted fisheries in the Bristol Channel, under various fishing conditions. The results are being adopted by fishermen to reduce discards and improve the survival rate of discarded fish.

Crab & lobster stock assessment – a number of projects have been undertaken to investigate innovative stock assessment methods to improve our understanding of this critically important fishery and to help deliver sound management and a sustainable fishery.

Mapping Fishermen's Knowledge – in response to the growing awareness of the value of fishermen's knowledge, Seafish has facilitated the development of a methodological framework to collect this data in conjunction with Defra, MFA, Natural England and the fishing industry. This framework is currently being employed by the MCZ projects around England.

Sail power on fishing vessels – in response to increasing fuel costs, Seafish has teamed up with a sail making company to design a practical and safe sail rig suitable for UK fishing vessels. The design has been tested on a vessel from the SW and initial results have proven very positive, with the practicalities and benefits surpassing all expectations.

Factsheets – over the past 12 months Seafish has developed and produced 35 factsheets. These factsheets take a complicated issue or subject and provide readers with an easy to understand synopsis with links and references for those seeking further details. They have proven very popular with all sectors of the seafood industry

Forums & Issue groups – in 2009/2010, the Research and Development team has facilitated the successful work of industry groups such as the Discard Action Group (DAG) Scallop Group, Skate & Ray Group and the Aquaculture Common Interest Group. These groups pull together all relevant sectors of industry, from producers to retailers and from Environmental NGOs to various Government departments to discuss important issues and produce solutions in an effective consensual manner.

Ad hoc advice – a major part of our work in R&D is simply answering specific issues raised by industry in an efficient and helpful manner. Over the past 12 months we have taken over 1000 significant enquires which yielded a cumulative value of over £1m.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Training and Accreditation

Seagoing Training

In England, Wales and Northern Ireland, we provided £207k in grant funding towards the cost of 2,150 fishermen's training places and 842 new entrant fishermen commenced basic safety training. In Scotland, we provided £105k in grant funding towards the cost of 1,600 fishermen's training places and 498 new entrant fishermen commenced basic safety training.

We drew down a further £380k funding from the Department for Transport to continue training fishermen towards the proposed Under 16.5m Skipper's Certificate. Since July 2008 some 1,500 fishermen have now taken advantage of this funded training and we have also paid grants (of up to £1,000) to 43 fishermen undertaking Fishing Vessel Deck and Engineer Officer Certificates of Competency. We secured a further £1m of funding from the Department for Transport and the European Fisheries Fund to continue this programme into 2010/2011.

We developed a Sea Fishing Technical Certificate and updated the Sea Fishing Apprenticeship framework to ensure that this qualification remains available for delivery by providers.

We now have 1,000 fishermen registered as users on our e-Academy. We have developed additional e-learning materials and assessments covering basic fishermen's safety training.

We secured an additional £10k sponsorship from the Maritime & Coastguard Agency and the Shipowners' Mutual Protection and Indemnity Association to produce additional kit boxes to give to fishermen attending our Damage Control workshops.

In response to a recommendation from the Marine Accident Investigation Branch, we produced a leaflet for fishermen on potting safety.

We produced the syllabus and delivery guidance for a three week Introduction to Commercial Fishing course for new entrant fishermen, having successfully piloted its delivery in Kirkcudbright, Mallaig, Oban, Hull and Whitby.

Onshore Training

In England, Wales and Northern Ireland, we provided £33k in grant funding towards the cost of 550 onshore training places. In Scotland, we provided £59k in grant funding towards the cost of 900 onshore training places.

The Seafood Hub project run by the North Shields Seafood Training Centre delivered training for over 50 beneficiaries in North West England in seafood quality assessment, food safety, fish filleting and seafood recognition.

We have developed online computer-based learning and assessment systems in seafood smoking (Level 3) and hygiene & cleaning in the seafood industry (Level 2). These new resources are to be hosted on the Seafood Training Academy website.

With funding from the Foods Standards Agency (Scotland), we produced guidance on scallop handling for seafood chefs and updated our existing training materials for scallop processors.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Training and Accreditation (continued)

We developed and piloted a one day training course for Environmental Health Officers on Bivalve Purification Inspections. The course has been endorsed by the Royal Environmental Health Institute for Scotland.

Under guidance from the Seafood Training Expert Group, we have assisted Improve with the development of new and revised National Occupational Standards in fish and shellfish. These will be used by Improve to create the first seafood-specific NVQs and SVQs for almost 15 years.

We have continued to work closely with Grimsby Institute and other partners to develop the Seafood Training Academy. We drew down funding to produce promotional materials for the Academy and its partners and have had nine of our seafood training courses adopted as Academy courses.

Accreditation

We now have 624 vessels engaged with the Responsible Fishing Scheme. 400 of these have passed independent audit by Moody and a further 76 have received coaching and are ready for audit. We now have 46% by tonnage of the UK fleet engaged in the RFS, accounting for 56% by volume and 43% by value of UK landings. We have also extended the scheme internationally, working closely with Tuna King (Reading) to certificate 21 Sri Lankan tuna vessels. Cromer Crab became the first processor to pay a premium for RFS landings by offering an additional 10p/kilo on brown crab.

We supported 21 processors seeking to achieve British Retail Consortium (BRC) certification and 29 processors seeking Safe and Local Supplier Approval (SALSA) certification. Case studies were produced featuring Lunar Filleting in Peterhead (BRC) and Davy's Locker in Bridport (SALSA).

The revamped Friers Quality Award scheme has been operating now for 15 months and now has a membership of 155 shops. The introduction of a three tier grading system has seen many shops investing in their businesses to ensure that they obtain the highest level. This is reflected in the fact that 116 shops have achieved the 5 star grade, 32 at 4 star, and seven a 3 star grade.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Legislation

The Legislation Department continues to provide advice to industry and maintain its involvement in the development of new and revised regulation on food, food waste and the marine environment. Contacts have also continued to be developed with EU industry associations, government departments and agencies.

The legislation pages of the Seafish Business to Business website have been maintained and provide guidance and up to date information. The news section which provides alerts and media reports continues to be popular as do the guidance pages, particularly on imports, veterinary residues and contaminants. This year we have also been providing input to the European Association of Seafood Importers and Processors Alliance website.

The food and marine legislation expert groups have continued to provide a forum for discussion on issues impacting on the seafood industry with almost 50 responses made to consultations and direct requests for information from government departments. These meetings continue to be supported and well attended.

There has been useful input to the British Frozen Food Federation/Seafish Importers Forum, such as the proposed change to the current rules of origin that apply to the EU Generalised System of Preferences and impending restrictions on seafood from India.

As the UK Marine Bill progressed through its final stages into becoming the Marine and Coastal Access Act 2009, concerns were raised on a number of issues relating to marine licensing, sea fishing defence and marine coastal zones. Involvement has subsequently continued on the associated secondary legislation which includes marine planning and licensing. Input has also been made during progress of the Scottish Marine Bill.

At European level, industry concerns have been raised with the reviews of the Common Fisheries Policy, Marine Strategy and Water Framework Directives. There has also been similar input to the reviews of the Fisheries Control Regulation and Common Marketing Order. Guidance has been provided on the implementation of Illegal, Unreported and Unregulated fishing and the inclusion of Omega 3 under Nutrition and Health Claims.

Following the successful resolution of the proposal under the new Animal By-products Regulation to return parasite infested material ashore for disposal, the department has continued to work with Defra on the development of implementing measures that are both practical and of benefit. These will provide national controls for the disposal of shell and small quantities of seafood waste.

The UK Borders Agency is introducing new controls that will include fishermen both landing and returning from abroad. The department is working with them and fishermen's organisations to provide practical guidance.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Marine Services

Marine Services' comprises: Marine Survey, whose main activity is the survey and certification of new build and modernised vessels; and Kingfisher, whose main activity is the production of information on sub sea hazards and the distribution of this information to fishermen to reduce the risks of accidents from fishing gear being snagged on such hazards.

Marine Services' activities have grown at a consistent rate for both Kingfisher and Marine Survey. The Marine Services team is focused on increasing its commercially oriented services to deliver a direct financial contribution to levy.

Marine Survey

Marine Survey continues to add to its range of services to the fishing and allied marine industries. We continue to obtain direct instruction from the Maritime and Coastguard Agency for our certification of fishing and code vessels and are about to add to this with inland waterways vessels. We continue to process and inspect flag-in certification for non-UK flagged vessels entering the UK registry from other codes of practice or foreign waters. The total number of vessels surveyed under this regime has been in excess of 200 for the current year. Consultancy services have remained at a constant level with the added expert witness service being one of the highest single value projects for the team to date.

New vessel certification

The level of new fishing vessel construction has remained constant despite difficult trading conditions seen throughout the marine sector. This equates to approximately 100 new vessel certifications.

Kingfisher

Kingfisher continued to perform well and was heavily involved in the testing and production of the new FishSAFE unit for the Fisheries Legacy Trust Company (FLTC). Further work for the FLTC involved the project management and build of their new website www.Fishsafe.eu. This website was developed to make fishermen more aware of all the obstructions on the seabed associated with the offshore oil and gas industry.

All Kingfisher downloads are available via this site plus an interactive map showing all oil and gas related activity on the UK Continental Shelf.

Kingfisher has been awarded the maintenance contract for this site.

Further improvements were made to the set of cable awareness charts including map insets of the Shetland and Orkney Isles to show submarine power cables running between the islands. Maintenance of the Danish Cable Protection Committee's website continues along with the production of an update to their information.

Attendance at several European fishing exhibitions combined with UK events ensured the safety message was further disseminated to many fishermen.

Kingfisher also extended the brief of the Fortnightly Bulletin by acquiring sponsorship from the Crown Estates to include a section dedicated to Offshore Renewables. The new look bulletin is now produced in colour coded sections, Oil & Gas, Submarine Cables & Offshore Renewables.

Kingfisher continues to provide information leaflets for offshore wind farms under construction from various contractors/operators.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Financial position at 31 March 2010

Overview of the net expenditure

A surplus of £1,067k was achieved compared to a deficit of £1,267 in the previous year. This £2.3m improvement was mainly derived from:-

- An increase in levy income of £1m. This was mainly due to the change in estimation methodology of the levy income due at the year end, and one significant levy payer paying a large backlog during the year.
- A decrease in expenditure of £1.3m. As a result of the legal challenge, expenditure was kept to a minimum. The main cost reductions were activity costs £611k, staff costs £329k, location costs £230k, and motor and travel £78k.

Employment costs

The Board takes professional advice from Hymans Robertson (Glasgow) about the costs of providing final salary based pension benefits both to current and former staff as although the scheme was closed to new entrants in 2006 there is a long term liability for those employed before that date. The last triennial actuarial valuation of the Fund was at 31 March 2010.

Working capital and solvency

We have been able to prepare the accounts on a going concern basis as a result of the positive Supreme Court judgement in June 2011. We have subsequently included all income due as at March 2010 in these accounts.

Current and future trends and developments

Seafood and business trends

In 2009/10 the banking crisis and subsequent recession saw the consumer looking for value and staple foods. This resulted in the first overall decline in chilled seafood values and an increase in frozen sales reversing a trend that had prevailed for the last two decades. World supplies of whitefish continued to show growth resulting in softening prices. Further ongoing quota and access restrictions continue to restrict supplies to UK fresh processors giving erratic pricing and continuity difficulties.

Indications for 2010/11 were that prices firmed as demand was restored and this would impact consumption. Ultimately it is UK consumption of seafood which drives our levy. We are therefore sensitive to these trends and aware that the levy funded work we do must be managed in light of these trends.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Financial exposure

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

The Board is aware of the balance sheet deficit of £10.3m. However, the Board is also aware of the extraordinary circumstances underlying the pension deficit, as it is based on asset values from the stock markets at one point in time and changing actuarial assumptions on the life expectancy of scheme members. The pension deficit reduced from £16.3m to £4.4m by 31st March 2011 - see note 13b. Nevertheless, the impact of the pension deficit is considered regularly and in detail, and has been discussed openly with Defra as our lead sponsoring administration with responsibility for co-ordination with the other sponsoring UK fisheries administrations.

Furthermore, whilst the Board recognises the balance sheet deficit, the Board also notes the approval of our three year plan by Ministers and the endorsement of that plan by industry. It is on the basis of this continuing support from Government and industry that the Board continues to use the going concern basis of accounting, and to plan for the strategic disbursement of the levy we receive to deliver activities which are of genuine benefit to the UK seafood industry. Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk.

Seafish land and buildings constitutes our Edinburgh office. This was surveyed and valued by independent Chartered Surveyors as at March 2006 in accordance with the RICS Appraisal and Valuation Manual, the valuation then was £2.55m. In March 2009 we commissioned an interim valuation from an independent chartered surveyor rather than revaluing based on an index. We followed this approach again this year(see note 8) and the valuation of £1.48m, at open market value for existing use, is incorporated in these accounts.

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Future strategic direction

A wide ranging consultation was undertaken in 2009, engaging both government and all sectors of industry. This led to a three year plan (intended to cover the period 2010 – 2013) based around seven themes which the consultation highlighted at that time as most relevant and important. The main priorities then identified were for Seafish to take a central role in communicating with consumers: to both protect the seafood industry's reputation and to promote the consumption of seafood, particularly through an emphasis on health benefits.

As with all aspects of Seafish business, progress with this three year plan has been considerably affected by the Court process previously described (see page 4) . From March 2010 through to the Supreme Court Judgement in June 2011, workstreams were focused entirely on what was possible to achieve with minimal funding, rather than what was of highest priority. The positive judgement has meant that the Seafish Board have agreed to release funds from incoming levies to resume active engagement with the three year plan themes.

Looking to the future, Seafish is also undertaking an internal reorganisation intended to facilitate improved focus on the key themes identified by the 2009 consultation, whilst also reducing headcount and central costs.

Defra and the Devolved Fisheries Administrations have also now initiated an informal 'Discussion' process to allow the seafood industry to voice opinions as to the ongoing role and remit of Seafish. Building on the outcomes of the 2009 consultation, this will provide important updated feedback from our levy payers and help ensure that Seafish continues to evolve to meet the changing needs of the modern seafood industry. Discussion workshops have taken place around the country during October 2011 and feedback from these will play an important role in shaping our strategic direction from January 2012.

Risks and uncertainties

Risks remain even now that the Supreme Court has agreed the legality of levy on imports. Seafish will be looking to collect levy retrospectively for the period between Appeal and Supreme Court judgments and this will present its own difficulties. Although the levy debt will be enforced by law, Seafish has no control over whether companies have been making suitable provision for this debt over the 2010-2011 period. Seafish has advised companies that they should be making such provision and major industry players certainly will have done so, but there may well be difficulties in collection from some smaller businesses.

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

**MANAGEMENT COMMENTARY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

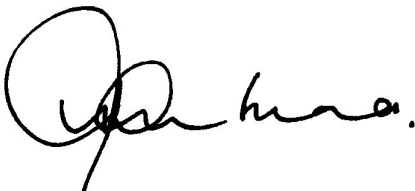
How well are we performing?

As previously noted, Seafish operations during 2010 were severely curtailed due to the financial constraints introduced as a consequence of the Appeal Court ruling in March 2010. The public crisis that Seafish has gone through has, however, stimulated interesting informal feedback from many levy payers and industry federations. There seems to be general agreement that the seafood industry needs a body like Seafish in order to be able to inform consumers on key issues (such as sustainability) in a way that is seen as being independent and authoritative, and which brings together the different industry sectors to react collectively to issues.

The key driver behind this, in the view of many in industry, is the level of continuing pressure coming from well-funded NGOs with an open commitment to reduce fishing activity internationally. That is not to say that all the claims of such organisations are wrong, but simply that many are, and that Seafish is in a unique position as the UK's only pan-industry body to correct misperceptions and to promote best practice and reform where required.

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

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



J.S. Whitehead, Chairman
8th February 2012



P. Williams, Chief Executive
8th February 2012

**REMUNERATION REPORT
FOR THE YEAR ENDED 31ST MARCH 2010**

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

The Committee comprises four members, all of whom are non executive Board Members of Seafish and is chaired by the Deputy Chairman. Members during the year to 31 March 2010 were Mr J. S. Whitehead (Chairman), Mr Q. Clark, Mr M. Parker and Mr A West. Meetings are held not less than twice a year and minutes are taken at all meetings.

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

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

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

Emoluments of Board Members

The remuneration relating to all Directors in post in 2009/2010 is detailed in the tables below. The information in the tables below represents the part of the Remuneration Report to be audited, as referred to in the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament.

**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Non-executive Directors

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

	2009-10	2008-09		
Name and Title	Salary in £5k bands £000	Salary in £5k bands £000	Date of Appointment / Re-appointment	Appointment Ends
C Howeson, Chairman	50-55	55-60	1/7/07	30/6/10
J S Whitehead OBE Deputy Chairman	20-25	20-25	1/4/09	13/4/12
M Kaiser Independent Member	5-10	5-10	1/4/10	31/3/12
L Cross Industry Member	5-10	5-10	1/4/08	31/3/12
I M MacSween OBE Industry Member	5-10	5-10	1/7/10	31/12/11
O Norgaard Industry Member	5-10	5-10	1/5/09	30/4/12
M Park Industry Member	5-10	5-10	1/7/10	31/3/12
M Parker Industry Member	5-10	5-10	1/5/09	30/4/12
A West MBE Industry Member	5-10	5-10	1/4/09	30/4/12
Q Clark Industry Member	5-10	-	14/4/09	13/4/12
J Wilson Industry Member	5-10	-	14/4/09	13/4/12
P Kerr Independent Member	5-10	-	15/6/09	30/6/12

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

**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Executive Directors' Emoluments

Name and Title	2009-10		2008-09		Date of Contract Commencing	Contract Ends
	Salary in £5k bands £000	Benefits in Kind (rounded to the nearest £100) £000	Salary in £5k bands £000	Benefits in Kind (rounded to the nearest £100) £000		
J Rutherford Chief Executive	105-110	6.7	105-110	6.7	1/2/02	30/9/10
J Harman Development Director	75-80	7.7	75-80	7.7	2/1/03	-
P Williams Research Director	75-80	3.3	75-80	4.1	5/1/04	-
J Campbell Finance Director	55-60	4.5	30-35	1.6	1/9/08	-

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

Executive Directors' Pension Benefits

Name and Title	Real Increase in pension at age 60 (bands of £2,500) £000	Real Increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2010 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2010 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2010 £000	Cash Equivalent Transfer Value at 31 March 2009 £000	Real Increase in Cash Equivalent Transfer Value £000
J Rutherford Chief Executive	0-2.5	0-2.5	10-15	25-30	230	196	34
J Harman Development Director	0-2.5	0-2.5	5-10	15-20	133	107	26
P Williams Research Director	0-2.5	0-2.5	5-10	10-15	103	80	23
J Campbell Finance Director	0-2.5	0-2.5	0-5	5-10	48	36	12

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

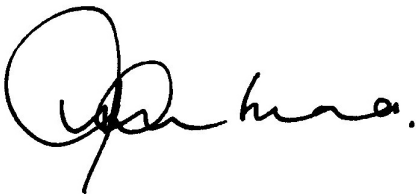
**REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Cash Equivalent Transfer Value

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

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

All executive directors are ordinary members of the West Yorkshire Pension Fund, a local government pension scheme of which Seafish is an admitted body as described at notes 1 and 12.



J. S. Whitehead
Chairman
8th February 2012



P. Williams
Chief Executive
8th February 2012

**STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES
FOR THE YEAR ENDED 31ST MARCH 2010**

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

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

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

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

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

**STATEMENT ON INTERNAL CONTROL
FOR THE YEAR ENDED 31ST MARCH 2010**

Scope of responsibility

My predecessor, John A Rutherford, was Accounting Officer during 2009/10. I took over the role of Accounting Officer and its associated responsibilities from 1st October 2010. The Review of Effectiveness Section below details how I obtained assurances over 2009/10.

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. In July 2007, all four UK Fisheries Ministers signed off together the new Seafish Three Year Plan prepared for the first time, and as recommended within our 2006 Independent Review, involving full consultation with our industry stakeholders and levy payers. As this is such an important work programme, the Board view is that Seafish policies, aims and objectives essentially are the achievement of that Plan. The system of internal control therefore is based on an ongoing process designed to identify and prioritise the risks to the achievement of the approved Seafish Three Year Plan, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Seafish for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

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

Capacity to handle risk

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

**STATEMENT ON INTERNAL CONTROL (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

The risk and control framework

Seafish has a Risk Management Strategy which formalises the principles of corporate governance adopted in identifying, assessing, addressing and reviewing and reporting our risks through:

- formal bi-annual review of the Risk Register by the executive directors across the following areas: external; operational and compliance; and financial. The Risk Register is ranked in terms of probability and notes the consequences, controls, action plan and owner of each risk. The Risk Register is presented annually to the Audit Committee for review;
- the internal auditors' annual audit plan is submitted for Audit Committee approval, resulting in regular and independent internal control reviews and reports; and
- formal reporting annually to the Board by the Audit Committee Chairman on internal control.

Risks to information are managed in compliance with Cabinet Office Data Handling review and internal IT data policies in force and maintained via risk registers. These policies incorporate provisions for the security of operation of the main computer system and the control of the use of laptops and memory sticks.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

When taking over as Accounting Officer I received formal handover from my predecessor. My predecessor had attended all of the Audit and Risk Committee meetings in his capacity as the Chief Executive; this is confirmed by the detailed meeting minutes.

When taking over as Accounting Officer, I undertook a detailed review of the control environment. This review considered work undertaken by the Executive Managers responsible for the development and maintenance of the internal control framework, and considered recommendations raised by our external and internal auditors and progress being made to address these.

The Audit and Risk Committee have the delegated responsibility for overseeing a sound control environment and risk management and have therefore provided continuity over the change of Accounting Officer. I have worked alongside the Audit and Risk Committee during this time to ensure that an appropriate plan has been put in place to address any identified control weaknesses and to ensure continuous improvement of the current systems. The risk register was updated in the period to reflect emerging risks and to allow these to be managed. The most significant risk identified was the outcome of the court case and the impact that this would have on the ability of Seafish to continue in operation.

No changes have been made to internal control procedures in the period.

Management Accounts were reviewed against the approved budget on a monthly basis by the Executive Team and quarterly by the Board, allowing for detailed scrutiny of the results on regular basis.

**STATEMENT ON INTERNAL CONTROL (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

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

1. Pension and Balance Sheet Deficit.

We are an admitted body to the Local Government Pension Scheme (LGPS) through the West Yorkshire Pension Fund (WYPF). At 31 March 2010 our pension deficit was £16,270k, this means our total capital and reserves are in deficit by £10,302k. Although the pension deficit was reduced to £4.4m as at March 2011 (note 13b) the current market volatility is likely to have made that improvement temporary. We have sought to address this deficit through the closure of the scheme to new employees from 1 April 2006 and making contributions above minimum requirements in the last five years. Nevertheless given the issues reported above we are aware that the pension liability continues to present a significant risk to our short term operating activities and to our long term ability to fulfil our statutory remit.

2. Levy

Due to losing the appeal in March 2010, Seafish was unable to collect import levies from that point until the Supreme Court judgement in June 2011. During that period, Seafish still employed levy auditors and subsequently this team identified the income due. A rigorous collection programme has been established post June 2011 to ensure that all of this income is received.



P. Williams
Chief Executive
8th February 2012



J. S. Whitehead
Chairman
8th February 2012

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 2010 under the Fisheries Act 1981. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sea Fish Industry Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Sea Fish Industry Authority; and the overall presentation of the financial statements.

In addition, I 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 2010 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Fisheries Ministers' directions issued thereunder.

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

Opinion on other matters

In my opinion:

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

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
2nd March 2012

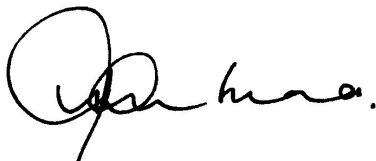
**NET EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

	NOTES	2010		2009	
		£000	£000	£000	£000
Expenditure					
Staff Costs	7	(3,862)		(4,191)	
Depreciation	8 & 9	(162)		(192)	
Other Expenditure	4	<u>(5,357)</u>		<u>(6,383)</u>	
			(9,381)		(10,766)
Income					
Levies	1.1	8,812		7,809	
EU Income	3	640		613	
Other Income	3	<u>1,812</u>		<u>1,533</u>	
			11,264		9,955
Net Income/(Expenditure)			1,883		(811)
Notional Cost of Capital	1a		(266)		(119)
Interest receivable			<u>18</u>		<u>75</u>
Net Income/(Expenditure) after cost of capital charge and interest			1,635		(855)
Restructuring Redundancy	6		(25)		(257)
Net Pension Finance Loss	12		<u>(805)</u>		<u>(274)</u>
Surplus/(Deficit) before Taxation			805		(1,386)
Taxation	1.1 & 5		<u>(4)</u>		<u>-</u>
Surplus/(Deficit) after Taxation			801		(1,386)
Reverse Notional Cost of Capital	1a		<u>266</u>		<u>119</u>
Surplus/(Deficit) for the Year			<u>1,067</u>		<u>(1,267)</u>

The notes on pages 38 to 56 form part of these accounts.

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2010**

	NOTES	2010		2009	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	8	1,612		2,377	
Intangible assets	9	10		21	
Total non-current assets			1,622		2,398
Current assets					
Trade and other receivables	10	2,429		1,442	
Cash and cash equivalents	16	3,283		2,551	
Total current assets			5,712		3,993
Total assets			7,334		6,391
Current liabilities					
Trade and other payables	11		(1,366)		(1,236)
Non – current assets plus/less net current assets/liabilities			5,968		5,155
Non – current liabilities					
Provisions	12		(4,490)		(3,614)
Pension Liabilities	12		(11,780)		(6,167)
Total non – current liabilities			(16,270)		(9,781)
Assets less liabilities			(10,302)		(4,626)
Reserves					
Revaluation reserve		337	-		1,297
General reserve excluding retirement benefits		1,141		244	
IAS 19 retirement benefits		(11,780)		(6,167)	
			(10,302)		(5,923)
			(10,302)		(4,626)



J. S. Whitehead – Chairman
8th February 2012



P. Williams – Chief Executive
8th February 2012

These financial statements were approved by John S Whitehead, Chairman, and Dr Paul Williams, Chief Executive, on 8th February 2012.

The notes on pages 38 to 56 form part of these accounts.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2010**

	NOTES	2010		2009	
		£000	£000	£000	£000
Cash flows from operating activities					
Net surplus/(deficit) for the year		1,067		(1,267)	
Adjustment for non-cash items :					
Depreciation		163		192	
(Increase)/decrease in trade and other receivables		(987)		1,405	
Increase/(decrease) in trade payables		130		(282)	
Use of provisions		404		95	
Net cash inflow/(outflow) from operating activities			777		143
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(45)		(98)	
Net cash outflow from investing activities			(45)		(98)
Cash flows from financing activities					
Grants from parent department		-		-	
Capital element of payments in respect of finance leases		-		-	
Net financing			-		-
Net increase/(decrease) in cash and cash equivalents in the period			732		45
Cash and cash equivalents at the beginning of the period			2,551		2,506
Cash and cash equivalents at the end of the period	16		3,283		2,551

The notes on pages 38 to 56 form part of these accounts.

**STATEMENT OF CHANGES IN TAX PAYERS' EQUITY
FOR THE YEAR ENDED 31ST MARCH 2010**

	Pension Reserve £000	Reval Reserve £000	I&E Reserve £000	Total Reserves £000
Balance at 31 March 2008	(4,788)	1,439	1,117	(2,232)
Changes in accounting policy	-	-	-	-
Restated balance at 1 April 2008	(4,788)	1,439	1,117	(2,232)
Changes in reserves 2008-09				
Net gain/(loss) on revaluation of property, plant and equipment	-	(142)	-	(142)
Transfer between reserves	(394)	-	394	-
Actuarial loss on defined benefit scheme	(985)	-	-	(985)
Retained Deficit	-	-	(1,267)	(1,267)
Total recognised income and expense for 2008-09	(1,379)	(142)	(873)	(2,394)
Grant from parent	-	-	-	-
Balance at 31 March 2009	(6,167)	1,297	244	(4,626)
Change in taxpayers' equity for 2009-10				
Net gain/(loss) on revaluation of property, plant and equipment		(655)		(655)
Transfer between reserves	475	(305)	(170)	-
Actuarial loss on defined benefit scheme	(6,088)	-	-	(6,088)
Retained surplus	-	-	1,067	1,067
Total recognised income and expense for 2009-10	(5,613)	(960)	897	(5,676)
Grant from parent	-	-	-	-
Balance at 31 March 2010	(11,780)	337	1,141	(10,302)

The notes on pages 38 to 56 form part of these accounts.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010**

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by the Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Seafish for the purpose of giving a true and fair view has been selected. The particular policies adopted by Seafish for its activities are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

Property, plant and equipment

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

Land and buildings are valued by independent Chartered Surveyors every five years. A full valuation was last undertaken as at 31 March 2006. An interim valuation was carried out in March 2009 and the valuation of £1.48m is incorporated in these accounts.

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

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

Depreciation

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

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

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

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Intangible assets

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

Operating income

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

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

The legal challenge against SFIA over the legality of raising levy had an immediate and significant impact on the profile of levy payments received for 2009/10. This has required a change in the estimation methodology used in calculating the levy due at the year end, as no levies were received after March 2010 relating to the element of levy covered by the legal challenge. This remained the position until the legal challenge was successfully defended in June 2011. Consequently - the methodology was changed to incorporate all levies due but not received at 31st March 2010.

Leases

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

Financial Instruments

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk. Full disclosure required by IAS 32, IAS 39 and IFRS 7 is shown at note 15.

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. No provision has been made in the accounts for any such repayment due to the low expectation of breaching grant conditions.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

Corporation tax and value added tax

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

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

Staff costs

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

1.a Capital charge

A charge, reflecting the cost of capital utilised by Seafish, is included in the Expenditure Account. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for:

- A property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
- additions at cost
 - disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal)
 - impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure)
 - depreciation of property, plant and equipment and amortisation of intangible assets;
- B donated assets, and cash balances with the Office of the Paymaster General, where the charge is nil.

1.b Pensions

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

Employees employed before 1 April 2006

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

Former Employees

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

In addition to the West Yorkshire Pension Fund, Seafish provisionally operated a scheme on behalf of former Herring Industry Board employees, which was also independently invested and administered. The Sea Fish Industry Pension and Life Assurance Fund (ex

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

1.b Pensions (continued)

Herring Industry Board Scheme) was closed to new members and was a fully paid-up Scheme; however the Scheme was formally wound-up on 31 May 1999. The annuities which had been established to cover basic pension rights of the existing pensionable members will be met by the Norwich Union. Seafish will continue to meet the indexation costs associated with basic pension rights.

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

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

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

2. First – time adoption of IFRS

The transition to IFRS has not had a material impact on Seafish's financial position, financial performance or cash flows. We considered professional guidance and compared this to our UK GAAP results. We consulted with our external auditors, the National Audit Office and with Defra, our sponsor department throughout HM Treasury's transition process. We also consulted with our internal auditors, Baker Tilly and confirmed there was no material impact.

3. EU and other income

Other Income is made up as follows:

	2010		2009	
	EU £000	Other £000	EU £000	Other £000
Marine & Fisheries Agency	486	38	483	113
Scottish Government	109	311	89	158
DARDNI	-	8	-	-
WEFO/WAG	-	-	-	-
European Union	45	-	41	-
Miscellaneous Other Income	-	1,455	-	1,262
	<u>640</u>	<u>1,812</u>	<u>613</u>	<u>1,533</u>

Seafish receives £18k per annum from Scotland Food & Drink for the provision of serviced office space under a tenancy at will arrangement.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

4. Other Expenditure

Details of Seafish expenditure is made up as follows:

	2010	2009
	£000	£000
Research Activities - EU	650	420
- Other	<u>1,637</u>	<u>2,092</u>
	<u>2,287</u>	<u>2,512</u>
Business Development Activities - EU	113	39
- Other	<u>1,284</u>	<u>1,744</u>
	<u>1,397</u>	<u>1,783</u>
Other location costs	543	773
Professional Fees	509	511
Motor Vehicle Costs	240	283
Other department Costs	109	187
Travel & Subsistence	147	182
Staff Training & Recruitment	67	86
Repairs & Maintenance	32	36
Computing Costs	<u>26</u>	<u>30</u>
	<u>1,673</u>	<u>2,088</u>
Total other expenditure	<u>5,357</u>	<u>6,383</u>

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

	2010	2009
	£000	£000
Auditors remuneration	30	25
Operating lease rental - Land and buildings	102	81
- Motor vehicles	<u>125</u>	<u>111</u>
	<u>227</u>	<u>192</u>

The Auditors' remuneration includes £3k for additional audit work relating to the transition to International Financial Reporting Standards (IFRS).

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

5. Taxation on Profit on Ordinary Activities

	2010 £000	2009 £000
a) Analysis of charge in period		
Current tax:		
UK Corporation tax on profits for the period	4	-
Adjustments in respect of previous periods	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities (note b) below	<u>4</u>	<u>-</u>
b) Factors affecting tax charge for period		
Surplus/(Deficit) on ordinary activities before tax	<u>1,071</u>	<u>(1,148)</u>
Surplus/(Deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009: 28%)	225	(321)
Adjustment to PCTCT in accordance with the Inland Revenue agreement	(558)	0
Short term timing differences	756	(20)
Tax deductible pension contributions	187	107
Movement in losses	(606)	175
Rate change	<u>0</u>	<u>59</u>
Current tax charge for the period (note 1)	4	-
Losses carried forward	<u>0</u>	<u>2,176</u>

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

6. Retirement & Redundancy Costs

One member of staff who was made redundant in 2008/09 made a claim to an industrial tribunal alleging breach of contract regarding his entitlement to full pension augmentation. At the initial hearing in July 2009 the tribunal found in favour of Seafish however on appeal in March 2010 the judgement went against us and we were ordered to pay £25,000 in compensation.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

7. Staff Numbers and Related Costs

- (a) The average number of whole time equivalent staff employed by Seafish during the year is noted below and included four part-time positions (2009 - four).

	Management and Staff		Agency/Temp Contract Staff		Total Staff	
	2010	2009	2010	2009	2010	2009
Research	41	45	1	1	42	46
Business Development	35	30	-	-	35	30
Corporate Services	18	19	-	1	18	20
	94	94	1	2	95	96

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

	2010 £000	2009 £000
Gross salaries	3,236	3,716
Social Security Costs	282	294
Pension Costs	297	107
Contributions to defined costs scheme	47	59
Total Direct Costs of permanent staff	3,862	4,176
Total Direct Costs of temporary staff	-	15
Total Direct Costs of employment	<u>3,862</u>	<u>4,191</u>
<u>Analysis of pension costs:</u>		
Pension current service cost	265	442
Pension curtailment cost	-	-
Past service cost/(gain)	32	(335)
	<u>297</u>	<u>107</u>

- (c) Executive Directors' Emoluments & Pension Benefits

Details of emoluments and pension benefits for the executive directors are shown in the Remuneration Report at pages 24 to 27 of the statutory accounts. Details of related party transactions are shown at pages 55 and 56.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

8. Property, plant and equipment

	Land	Freehold Buildings	Furniture And Equipment	Computer Equipment	Total
	£000	£000	£000	£000	£000
Cost or Valuation:					
At 1 April 2009	66	2,137	541	421	3,165
Additions	-	-	12	33	45
Disposals	-	(3)	(22)	(119)	(144)
Revaluation	(20)	(700)	-	-	(720)
Impairments	-	-	-	-	-
At 31 March 2010	46	1,434	531	335	2,346
Depreciation:					
At 1 April 2009	-	3	428	357	788
Charges for year	-	65	23	63	151
Disposals	-	(3)	(19)	(118)	(140)
Revaluation	-	(65)	-	-	(65)
At 31 March 2010	-	-	432	302	734
Net book value:					
As at 31 March 2010	46	1,434	99	33	1,612
As at 31 March 2009	66	2,134	113	64	2,377

Seafish land and buildings is offices in Edinburgh. The office was surveyed and valued by DM Hall, independent Chartered Surveyors as at March 2006 in accordance with the RICS Appraisal and Valuation Manual. An interim valuation was provided by DTZ, independent Chartered Surveyors as at May 2010. This interim 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 14. 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.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

8. Property, plant and equipment (continued)

	Land	Freehold Buildings	Short Leasehold Buildings	Furniture And Equipment	Computer Equipment	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation:						
At 1 April 2008	66	2,487	79	789	427	3,848
Additions	-	-	-	88	10	98
Disposals	-	-	(79)	(336)	(16)	(431)
Revaluation	-	(350)	-	-	-	(350)
Impairments	-	-	-	-	-	-
At 31 March 2009	66	2,137	-	541	421	3,165
Depreciation:						
At 1 April 2008	-	141	79	727	298	1,245
Charges for year	-	69	-	37	75	181
Disposals	-	-	(79)	(336)	(16)	(431)
Revaluation	-	(207)	-	-	-	(207)
At 31 March 2009	-	3	-	428	357	788
Net book value:						
As at 31 March 2009	66	2,134	-	113	64	2,377
As at 31 March 2008	66	2,346	-	62	129	2,603

9. Intangible assets

Intangible assets comprise software licenses.

Cost or valuation:

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

Amortisation:

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

Net book value

As at 31 March 2010	<u>10</u>
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As at 31st March 2009

	<u>21</u>
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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

9. Intangible assets (continued)

Cost or valuation:

At 1 April 2008	243
Additions	-
Donations	-
Disposals	-
Revaluations	-
At 31 March 2009	<u>243</u>

Amortisation:

At 1 April 2008	211
Charged in year	11
Disposals	-
Revaluation	-
At 31 March 2009	<u>222</u>

Net book value

As at 31 March 2009	<u>21</u>
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As at 31 st March 2008	<u>32</u>
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10. Trade receivables and other current assets

	2010	2009
	£000	£000
Amounts falling due within one year:		
Trade receivables (after bad debt provision)	647	521
Advances to staff for Grimsby relocation	18	18
Levy Debtors	1243	554
Prepayments and Accrued Income	303	224
EU Accrued Income	213	100
Interest on Cash at Bank	-	2
	<u>2,424</u>	<u>1,419</u>
Amounts falling due after more than one year:		
Advances to staff for Grimsby relocation	<u>5</u>	<u>23</u>

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

11. Trade payables and other current liabilities

	2010	2009
	£000	£000
Amounts falling due within one year:		
Trade payables	305	199
Accruals and Deferred Income	863	854
PAYE and Social Security	91	95
VAT	63	48
Corporation Tax	4	-
Pension Contributions Payable	40	40
	<u>1,366</u>	<u>1,236</u>

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

12. Pension Scheme Arrangements

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The level of contribution is determined by a qualified actuary on the basis of a valuation performed every three years, using the projected unit method. A full actuarial valuation was carried out at 31 March 2010 by a qualified independent actuary. As a result, Seafish regular pension costs rose to 9.8% from 2010, to £344k.

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

New staff are instead offered a defined contribution scheme administered by the Legal & General Assurance Society. Employer's contributions during the year to 31 March 2010 were £46,930 there were no amounts prepaid or outstanding at the end of the year.

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

Liability for defined benefit pension obligations

	2010	2009
	£000	£000
Present value of defined benefit obligations	(46,555)	(32,848)
Fair value of scheme assets	30,285	23,067
Net liability for defined benefit obligations	<u>(16,270)</u>	<u>(9,781)</u>
Value of unfunded liabilities included in above	(4,490)	(3,614)

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

12. Pension Scheme Arrangements (continued)

Movements in the present value of defined benefit pension obligations

	2010	2009
	£000	£000
At 1 April	32,848	38,415
Current Service Cost	265	442
Interest Cost	2,282	2,306
Contributions	159	168
Past Service Cost	32	-
Actuarial Losses & (Gains)	12,854	(6,862)
Curtailments	-	209
(Benefits)/Transfers paid	<u>(1,885)</u>	<u>(1,830)</u>
At 31 March	<u>46,555</u>	<u>32,848</u>

Movements in the fair value of scheme assets

	2010	2009
	£000	£000
At 1 April	23,067	29,637
Expected return on scheme assets	1,477	2,032
Contributions	585	967
Actuarial Gains & (Losses)	6,766	(7,771)
Transfers paid	<u>(1,610)</u>	<u>(1,798)</u>
At 31 March	<u>30,285</u>	<u>23,067</u>

Net Finance Charge

	2010	2009
	£000	£000
Expected return on scheme assets	1,477	2,032
Interest on liabilities	<u>(2,282)</u>	<u>(2,306)</u>
	<u>(805)</u>	<u>(274)</u>

Expenses recognised in the statements of recognised income and expense

	2010	2009
	£000	£000
Actuarial loss recognised	6,088	909

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

12. Pension Scheme Arrangements (continued)

The most recent actuarial valuation of the pension fund was to 31 March 2007. The principal assumptions used by the independent qualified actuary in updating this valuation were:

	31 Mar 2010	31 Mar 2009
Rate of inflation	3.8%	3.3%
Rate of increase in salaries	5.55%	5.05%
Rate of increase in pensions	3.8%	3.3%
Discount rate	5.5%	7.1%
Mortality Tables	1992(PMA and PFA)	1992(PMA and PFA)

Scheme Assets

	31 Mar 2010	31 Mar 2009
Equities	70.6%	62.0%
Government bonds	12.5%	12.3%
Other bonds	3.5%	6.0%
Property	3.3%	4.2%
Cash/Liquidity	3.9%	5.0%
Other	6.2%	10.5%

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

	Long-term rate of return expected at 31 Mar 2010	Value at 31 Mar 2010 £000	Long-term rate of return expected at 31 Mar 2009	Value at 31 Mar 2009 £000
Equities	8.0%	21,381	7.5%	14,302
Government bonds	4.5%	3,786	4.0%	2,837
Other bonds	5.5%	1,060	6.0%	1,384
Property	8.5%	999	6.5%	969
Cash/Liquidity	0.7%	1,181	0.5%	1,153
Other	8.0%	1,878	7.5%	2,422
 Total market value of assets		<hr/> 30,285 <hr/>		<hr/> 23,067 <hr/>

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

12. Pension Scheme Arrangements (continued)

The effect of experience adjustments is as follows:

	2010 £'000s	2009 £'000s	2008 £'000s	2007 £'000s	2006 £'000s
Present value of defined benefit obligations	(46,555)	(32,848)	(38,090)	(34,119)	(30,981)
Fair value of scheme assets	30,285	23,067	29,713	30,910	29,821
Deficit in the scheme	(16,270)	(9,781)	(8,377)	(3,209)	(1,160)
Experience adjustment on scheme liabilities					
Amount	(2,282)	(2,306)	(1,831)	(1,737)	(1,711)
Percentage of scheme liabilities	4.9%	7.0%	4.8%	5.1%	5.5%
Experience adjustment on scheme assets					
Amount	1,477	2,032	2,122	1,877	1,645
Percentage of scheme assets	4.9%	8.8%	7.1%	6.1%	5.5%

The contribution expected to be paid to the defined benefit scheme during the 2011 financial year is £716k (2010 - £701k).

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

13. Post Balance Sheet Events

a) Court Action

An action was brought against Seafish in the High Court of England and Wales to test the legality of the levy, in so far as it relates to fish and fish products that have been imported.

Whilst Seafish won the initial case, this judgment was overturned by the Court of Appeal on 18th March 2010. The Supreme Court heard an appeal by Defra and Seafish on the 23rd and 24th of March 2011, with the judgement in favour of Seafish being announced on 15th June 2011. Seafish are now endeavouring to collect all import levies outstanding since prior to March 2010.

b) Pension Deficit

The overall pension deficit as 31st March 2010 was £16.3m. The IAS disclosure calculations for the accounts as at 31st March 2011 reduced this deficit to £4.4m. This main reasons for this improvement were the change in pension linkage from RPI to CPI (£4.3m), a change in financial and demographic assumptions (£2.4m), gains on assets (£2.2m), a valuation experience gain on assets (£1.5m), and experience gains on liabilities (£2.4m). The board are aware, however, that recent market volatility is likely to have had a significant negative impact, and that the deficit is likely to have increased.

c) Laying of accounts before Houses of Parliament

Seafish financial statements are laid before the Houses of Parliament by the Cabinet Secretary for Rural Affairs and the Environment and before the Scottish Parliament by the Minister for Environment and Rural Development. IAS 10 requires Seafish to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by Seafish management to the Secretary of State for Environment Food and Rural Affairs following certification by the C&AG on 2nd March 2012.

d) Sale of property

In January 2011 Seafish sold a small property in Argyll for £69k net of costs. This property had a nil value in the balance sheet.

14. 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.

	2010	2009
	£000	£000
Obligations under operating leases comprise		
Buildings:		
Not later than one year	92	-
Later than one year and not later than five years	353	10
Later than five years	247	83
	<u>692</u>	<u>93</u>
Other:		
Not later than one year	108	50
Later than one year and not later than five years	175	67
Later than five years	-	-
	<u>283</u>	<u>117</u>

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

At 31 March 2010 Seafish had no capital commitments or commitments under a finance lease.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

15. 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.

Market risk – interest rate risk

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

Credit risk

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

Foreign currency risk

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

Fair values

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

Financial assets by category

	Loans and Receivables £000	2009-10 Total £000	Loans and Receivables £000	2008-09 Total £000
Assets as per balance sheet				
Trade Debtors	647	647	521	521
Levy Debtors	1,243	1,243	554	554
Cash at Bank and in Hand	3,283	3,283	2,551	2,551
Total	5,173	5,173	3,626	3,626

None of the financial assets have been subject to impairment.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

15. Financial Instruments (continued)

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

Trade Debtors	2009-10 Total £000
Less than 1 month	395
More than 1 month less than 3 months	89
More than 3 months	163
Total	<u>647</u>

Financial liabilities by category

	Financial Liabilities £000	2009-10 Total £000	Financial Liabilities £000	2008-09 Total £000
Liabilities as per balance sheet				
Trade Creditors	305	305	199	199
Other Creditors	903	903	894	894
Total	<u>1,208</u>	<u>1,208</u>	<u>1,093</u>	<u>1,093</u>

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

16. Cash and Cash Equivalents

	2010 £000	2009 £000
Balance at 1 April	2,551	2,506
Net change in cash and cash equivalent balances	732	45
Balance at 31 March	<u>3,283</u>	<u>2,551</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	3,283	2,551
Balance at 31 March	<u>3,283</u>	<u>2,551</u>

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

17. Related Party Transactions

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

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

The balances payable to Seafish at the year end were:

	2010	2009
	£	£
Defra	247,888	243,945
Scottish Government	121,089	32,473
National Assembly for Wales	-	8,901
Welsh European Funding Office	-	26,703
Department for Transport	189,320	95,902
Food Standards Agency	19,810	-

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2010**

17. Related Party Transactions (continued)

In addition, Seafish was involved in the following related party transactions during the year which are considered to be material. All payments were made by 31 March 2010 and accordingly there are no balances outstanding:-

Deputy Chairman Mr J. S. Whitehead was:

- a director of Improve Ltd which was paid £20,000 by Seafish.
- a trustee of Billingsgate Seafood Training School which was paid £26,062.24.

Board Member Mr I. M. MacSween is:

- a director of Seafood Scotland Ltd which was paid £173,076 by Seafish and from whom Seafish received £61,321.
- a director of Scotland Food & Drink Ltd which paid £21,809.03 to Seafish.

Board Member Mr O. Norgaard is:

- a director of Lyons UK from whom Seafish received £156,511.78.

Board Member Mrs Linda Cross is:

- a director of Trawlpac Seafoods Ltd from whom Seafish received £4,686.30.
- a director of Scottish Fish Merchants Federation which was paid £9,231.70 by Seafish.

Board Member Mr James Wilson is:

- a director of Deepdock Ltd from whom Seafish received £6,341.

Board Member Mr A. West is:

- chairman of Westward Fishing Company from whom Seafish received £36,539.86.
- a director of Seafood Scotland Ltd which was paid £173,076 by Seafish and from whom Seafish received £61,321.

Board Member Mr M Park is:

- a director of Seafood Scotland Ltd which was paid £173,076 by Seafish and from whom Seafish received £61,321.
- a director of the Scottish White Fish Producers Association which was paid £231.70 by Seafish.

Executive Director Dr P Williams is:

- a director of British Marine Finfish Association which was paid £1,762.50 by Seafish.
- a director of Whitby & District Fish Industry Training School which was paid £40,085.50 by Seafish.
- a director of Scottish Aquaculture Research Forum which was paid £20,000 by Seafish.

Executive Director Dr J Harman is:

- a director of Seafood Scotland Ltd which was paid £173,076 by Seafish and from whom Seafish received £61,321.

18. Major FReM changes for 2010-11

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



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