



The Sea Fish Industry Authority Annual Report and Accounts 2013/2014

HC774
SG/2014/242

The Sea Fish Industry Authority

ANNUAL REPORT & ACCOUNTS 2013/14

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

**Ordered by the House of Commons to be printed
10 December 2014**

**Laid before the Scottish Parliament by the Scottish Ministers
December 2014**

© The Seafish Industry Authority copyright 2014

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as The Seafish Industry Authority copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at

Seafish, 18 Logie Mill, Logie Green Road, Edinburgh EH7 4HS.

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

This publication is also available at www.gov.uk/government/publications

Print ISBN 9781474112734

Web ISBN 9781474112741

ID 26111401 12/14

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

CONTENTS

FOREWORD BY PAUL WILLIAMS	4
STRATEGIC REPORT	6
Background	6
Performance Review	7
Financial Review of Financial Results for the Year	16
Future Strategic Direction.....	17
DIRECTORS' REPORT	19
REMUNERATION REPORT.....	24
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES	29
GOVERNANCE STATEMENT	30
THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT.....	37
STATEMENT OF COMPREHENSIVE INCOME	39
STATEMENT OF FINANCIAL POSITION	40
STATEMENT OF CASH FLOWS.....	41
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY	42
NOTES TO ACCOUNTS	43

**THE SEA FISH INDUSTRY AUTHORITY
FOREWORD BY PAUL WILLIAMS
FOR THE YEAR ENDED 31 MARCH 2014**

Chief Executive

Seafish is now into the final year of the present Corporate Plan and delivery against all the corporate objectives is on track. Highlights for the year include the new RASS (Risk Assessment for Sourcing Seafood) web tool, which is now active and has been widely acclaimed as an innovative guide to seafood purchasing. Direct engagement with consumers continues to grow, with our “Fish is the Dish” campaign having ever increasing reach on social media. Seafish support of the seafood industries reputation has been recognised both by our industry and by a number of professional awards to our Communications team. We have extended the reach of our work on regulation by establishing a staff member in Brussels, a step which has led to seafood importers getting earlier and better information. Seafish support for exporters has continued with our reception at the China Fisheries Exhibition in Dalian being a particular highlight. The various Seafish issues groups have continued through the year, with steadily increasing attendance affirming their value. The Common Language Group, in particular, is now widely recognised as the main forum for industry, regulators, government and NGOs to debate issues of importance to the UK seafood industry. Other Seafish groups have a more tightly defined remit, and the Skates and Rays Group has been especially busy this year, dealing with industry and media misconceptions of the sustainability issues connected to these species.

The establishment of a new Seafish issues group is a reflection of the most important new area of concern, which the Panel meetings have shown to run across every sector of the industry. The new group, which has only met once, is the Seafish Ethics Working Group which has been drawn together to address concerns about product integrity and worker welfare in UK seafood supply chains.

The last year has also seen the development of a number of new partnerships for Seafish, with increasing engagement with the Centre for Environment, Fisheries and Aquaculture Science, with Seafish as a founder funder of Fisheries Innovation Scotland and with plans for new collaboration with the Potato Council. Collaboration with the National Federation of Fishermen’s Organisations and the Fishermen’s Mission has been particularly important over the last year in a project supplying Personal Floatation Devices to fishermen and training them in their use. Unusually, this is a time when I can say with a degree of certainty that a Seafish initiative has saved lives.

With the Seafish operational delivery reinvigorated, this year has been an opportunity to work on culture with Seafish staff and management. The finest strategy in the world is nothing without the right attitudes, values and people behind it and Seafish has made great strides over the last year to ensure that we have the right culture in place, as well as the right strategy to deliver. Our staff engagement surveys have shown that this work has had a very positive impact.

The present Corporate Plan was developed in unusual circumstances, immediately after the conclusion of the court case and with a new governance structure in place. The establishment of the Sector Panels has been a definite success, giving industry a direct say in the operational direction of Seafish and a more immediate overview of progress in delivery. Despite the short time line in which it was constructed, the Corporate Plan has provided a solid foundation for our ongoing work. We are now at the stage of developing the next Corporate Plan, which will run from April 2015 through to March 2018, and have had two sets of Panel meetings to discuss the make-up of the operational section of the new Plan.

**THE SEA FISH INDUSTRY AUTHORITY
FOREWORD BY PAUL WILLIAMS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

The last year (2013/14) has been the first since the Seafish case was heard at the Supreme Court when we have completely returned to normal business. Levy income has been stable, with the retrospective levy, from the period when Seafish was unable to take levy on imports, now largely collected. This gives Seafish a healthy bank balance, with sensible provision of funds against the pension deficit and provision to ensure continued operations through any future income interruptions. Seafish also consulted with industry on the idea of reducing the levy. The proposal got a mixed reaction from industry but Seafish felt that there was sufficient support to proceed with a recommendation to reduce the levy by 10% across most sectors. We now await the decision of the Fisheries Ministers as to whether this should proceed.

Altogether, this has been a busy and productive year and I would like to thank all the Seafish staff for their hard work and our many industry members of Seafish Panels and issue groups for their contributions, insights and support.

**P Williams – Chief Executive
28th November 2014**

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

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

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

Background

When Seafish was established in 1981, the Fisheries Act defined its role as “promoting the efficiency of the seafood industry... so as to serve the interests of that industry as a whole,” whilst at the same time giving “regard to the interests of consumers of sea fish and sea fish products”.

Whilst this establishes the organisation’s basic purpose, now summarised as ‘Securing a Sustainable and Profitable Future for the UK Seafood Industry’ it also leaves broad scope for the definition of precise strategy and activities. In addition to the 1981 legislation, Seafish also has additional responsibilities under the Fishing Vessels (Safety Training) Regulations 1989 as a provider of mandatory Safety Training Certificates for fishermen.

It is important to recognise that Seafish can only achieve this purpose in collaboration with the industry itself, with the Fisheries Administrations and with other Government agencies.

Vision: ‘The Authority on Seafood’

The High Level Objectives and the workstreams that we outline in this report are part of refocusing and rebuilding Seafish as an organisation primarily concerned with providing information, analysis and guidance. It is our ambition to be the main source of information and analysis for industry, Government and media for all issues concerning the UK seafood industry. Information and analysis may include the need to carry out research to develop new data to inform analysis and the concept of guidance encompasses not only advice but practical help with implementation. Seafish should be the first organisation that comes to mind when seafood data, interpretations or advice are required, so that we become recognised as ‘the authority on seafood’.

High Level Objectives: ‘Protect, Promote, Inform’

The ‘High Level Objectives’ were developed in consultation with industry and a broader range of interested parties some years ago, prior to the legal challenge to the levy. They were reassessed as part of the Fisheries Administrations’ conversations with industry in October 2011, by the new Seafish Board and by the Sector Panels. The guiding principle ‘*Protect, Promote, Inform*’ now stands above all the work that Seafish undertakes, giving direction to the work supporting the purpose of Seafish.

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

These objectives relate directly back to our purpose and vision, and to our statutory duty to promote efficiency in the industry. In terms of 'Protect' and 'Promote', the seafood industry have indicated that poor public, regulatory and media understanding of seafood and the seafood industry is a significant restriction on the productivity and efficiency of the industry. Educating consumers and media to effect a significant change in understanding of global seafood supplies and the benefits of seafood consumption, is a major challenge for Seafish. The 'Inform' objective is intended to support industry in making considered and informed business decisions, the basis of business efficiency. It also supports Government in developing policy, again ensuring that decisions are informed and that policy can consider business efficiency implications from its implementation.

Workstreams

The High Level Objectives are supported by eight individual workstreams, reports of which are summarised below. These workstreams have been defined by the new Sector Panels who identified and prioritised key industry issues which fall within the Seafish strategy and which will help deliver the High Level Objectives.

Performance Review

1. Reputation

Supported by all three Sector Panels, the Reputation workstream aims to protect and enhance the reputation of the seafood industry with all key target audiences. It aims to do this using a mix of communications activities across a number of different channels including the media, web, social networking and stakeholder events.

There are no 'quick fixes' to achieving an enhanced reputation – whereas a good reputation can be destroyed overnight. Therefore our intention is to maintain a steady, medium-to long-term approach to building reputation whilst at the same time actively defending short term negatives and occasional misrepresentation of the industry in the media, particularly about the impact of fishing.

Key achievements

- Seafish won a Silver Award for its response to Hugh's Fish Fight TV series and reached an audience of 43.1 million over 12 months across national, regional and trade media with 93% positive sentiment towards the organisation and its views.
- The Seafish website was restructured based on user feedback and now has visitors staying longer and viewing more pages than previously.
- We now have over 4,700 followers of our Twitter feed reaching large audiences on pertinent topics with strong links to our consumer brand Fish is the Dish.
- Video content has become an increasingly important way for Seafish to communicate on industry matters with over 190,000 more video views via our You Tube channel than the previous year (Jan-Dec).
- The Business of Fishing film was shown to audiences around the UK and Europe (Brussels) and received a Highly Commended from the Institute of Internal Communications for its work to engage stakeholders.

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

- Our Sea You Home Safe campaign won the Campaign Challenges category at the prestigious PRCA awards. The campaign generated almost £0.5 million in value from the national media coverage and crucially producing over 100 applications for free PFDs from industry, some of which have helped save lives already.
- Media training was extended to industry stakeholders and the programme is due to be expanded over the next 12 months.

2. Promoting Consumption

The aim of this workstream is to encourage increased consumption of seafood by increasing awareness of the range of seafood available – in particular by putting seafood front of mind when families are planning their menus. Our primary tactics are online promotion of seafood and our digital campaigns are delivering key messages, recipes and menu inspiration to a growing audience. Other work programmes include our classroom education promotions which deliver easy to use teacher resources to help children understand fish as food, and the practical support we offer to the foodservice sector to improve the promotion of quality seafood products for consumers.

Key achievements

- The Fish is the Dish online campaign, which was launched in autumn 2011, has continued to grow and develop, with our website now attracting 50,000 unique users a month.
- Our social media reach 18,000 likes on Facebook, 10,000 followers on Pinterest and a further 10,000 followers on Twitter. This has resulted in an increase in traffic to the website with over 1.2 million page views and an overall media reach of 91 million people.
- We have launched a range of teaching resources for Fish is the Dish in schools targeting Key Stage 1 and 2. The six-lesson pack contains leaflets, posters and stickers for class activities. This is the first teaching resource that meets the needs of the new curriculum in England.
- We have been key partners in Healthy Eating Week run by the British Nutrition Foundation, which saw seafood activity in over 2,000 schools across the UK reaching over 1.3 million children.

3. Regulation

Legislation can be cumbersome for business – particularly in a complex industry such as seafood. Regulation seeks to: reduce the cost of complying with legislation by ensuring it is proportionate to risk during the EU negotiating and drafting stage; reduce the cost of non-compliance in the form of penalties and wasted materials by advising and informing industry on the legal requirements; and reduce the cost of variable enforcement by different authorities by producing interpretation and guidance and advising enforcement authorities.

Other key areas of activity include our work to reduce the threat to human health from bivalve molluscs, which we deliver in association with industry partners.

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

Key achievements

- We continued to issue our monthly Food and Marine legislation newsletters and held regular Food Expert meetings.
- We established a new Brussels office and now have a full time regulatory affairs officer in post to source and share information with industry at EU level.
- We made an important contribution to the seafood section of Defra technical guidance, shaping the interpretation of various clauses of the new Food Information to Consumer Regulation from a seafood perspective.
- Our Labelling and Traceability seminars have updated industry on the changes required under these new rules, with Defra / Marine Management Organisation (MMO) in attendance to hear industry views.
- We have worked with Defra / MMO on the proportionate implementation of new traceability rules, and facilitated Defra / MMO industry visits to see traceability in practice and to discuss the implementation of the new rules.
- We have worked with the Food Standards Agency (FSA) to develop a protocol for UK scallop vessels to be informed of French closures to harvesting areas subject to algal toxins. The French operate a different enforcement regime for algal toxins which resulted in a UK vessel having scallops seized on landing in the UK.
- Proposed CODEX code of practice on shucking scallops required the removal of dead scallops. We worked with FSA to argue that handling and consumption of dead scallops is safe. This is now the UK position during international discussions.
- We are an external assessor of FSA work to evaluate the effectiveness of various approaches to control norovirus and consideration of their applicability to UK shellfish harvesting waters as an alternative to EU limits being implemented.
- We have been key participants in the new Business Expert Group in Food Hygiene, which works in parallel to an Enforcement Focus Group to feed into Government decision making. This follows the continuing success of a Labelling Group we were involved in setting up last year.
- Our work on new regulations for consumer information and traceability has involved working with industry, Government and enforcement to ensure that the agreed interpretation minimises the burden of compliance and enforcement is fair and proportionate. Guidance has been written to assist industry and enforcement.

4. Fishermen's Safety

Eighteen fishing vessels were lost in 2013 and a further 230 were involved in serious incidents; four fishermen died and a further 29 suffered serious injury (source: Marine Accident Investigation Branch). The numbers of deaths and injuries to fishing vessel crew were the lowest ever recorded; confirming that fishing safety in the UK is continuing to improve. However, the fatality rate (32.1 deaths per 100,000) was still almost four times higher than that for the most dangerous land-based occupation agriculture (8.8) (source: Health and Safety Executive).

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

Working closely with the fishing industry, the Maritime and Coastguard Agency and offshore industries, our core activities remain coordinating the development and delivery of fishermen's training, providing fishing vessel survey and inspection services and providing up-to-date and relevant information on the location of potentially hazardous subsea and offshore structures and operations (Kingfisher Information Services). However, this year we also launched a major fishing safety campaign (Sea You Home Safe) and actively supported the Fishing Industry Safety Group's initiative to encourage more fishermen to wear Personal Flotation Devices whilst working at sea on open decks.

Key achievements

- Our Kingfisher team began publicising the dredging areas and offshore activities of the marine aggregate industry to fishermen; the Kingfisher Fortnightly Bulletin now includes all major offshore industries, continuing to promote the location of fishing hazards and potentially conflicting operations.
- Our marine survey team published four Sea Fish Information Notes (SFINs) to clarify / update rules within our Construction Standards and respond to issues raised in MAIB reports.
- Our network of Approved Training Providers delivered over 1,000 Seafish courses providing more than 9,000 training places for fishermen – ranging from one-day courses in basic safety training to three-week courses for new entrants.
- Our fishermen's training team secured external funding of £0.5m to continue subsidising the delivery of induction training for new entrants; safety refresher training for experienced fishermen; training for skippers of vessels <16.5m and the provision of assistance to fishermen undertaking Deck and Engineering Certificates of Competency.
- We reviewed and updated the content of our fishermen's training courses in navigation, engineering and stability, which make up our <16.5m Skipper's Certificate.
- We continued to expand and develop our free online learning platform. The number of registered users grew by 25% during the year and now stands at over 2,500.
- Our high-profile safety campaign (Sea You Home Safe) fronted by celebrity Monty Halls was successful in raising awareness of, and interest in, fishing safety in the media and building an audience for future activity.
- We provided match funding and staff resources to industry-led (EFF-funded) projects in England and Northern Ireland providing Personal Flotation Devices to fishermen.
- We recruited two staff members to our Fishermen's Training team.

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

5. Responsible Sourcing

This workstream aims to provide a forum for industry, Government and regulators to discuss key issues and provide horizon-scanning to identify the potential impacts of legislation and develop future best practice. Surveys suggest that this work is highly valued by industry and that Seafish remains a key source of reliable advice and information.

Key achievements:

- Completion of scoring system and development of guidance on Risk Assessment for Sourcing Seafood (RASS).
- Morrisons Supermarket has committed to Seafish's Responsible Fishing Scheme (RFS) membership as a condition of supply.
- RFS review successfully completed and the development of successor RFS standard advanced and on track for implementation.
- The South West Ecological Risk Assessment of the Effect of Fishing (ERAEF) to inform responsible sourcing is now complete, and the report sent to Seafood Cornwall.
- A paper on ERAEF has been submitted to the International Council for the Exploration of the Sea (ICES) Journal of Marine Science.
- The 38 Seafish Responsible Sourcing Guides have been kept up-to-date. Over an 11-month period, from May 2013 to March 2014 the RSGs were downloaded 35,000 times from the Seafish website.
- The June and October ICES advice is summarised into a quick reference table each year along with a summary document showing the Total Allowable Catches (TACs) agreed by the European Union for 2014, compared with the scientific recommendations made by the International Council for the Exploration of the Sea (ICES). The ICES document was downloaded 2,500 times between August 2013 and March 2014.
- Funding awarded by the Department of Agriculture and Rural Development (DARD) and EFF for Seafish to run three training courses in gear technology and selectivity for Northern Irish Fishermen.
- Gear / selectivity database is being developed to link Seafish and Cefas fishing gear and selectivity information.
- Eighty-six digital illustrations of fishing gears have been completed and will be made available for use in the near future. These will form part of the updated Fishing Methods Handbook that is in the process of being written.
- Seafish attended the Skipper Expo 2013 fishing exhibition at Aberdeen Exhibition and Conference Centre to support industry with technical advice.
- Training course in Safety awareness and fishing methods delivered for 30 DG Mare fishery inspectors.

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

- Pilot studies in seabed studies using underwater camera technology. This has been completed in four areas. The report has been written up and is awaiting EFF submission.

6. International Trade

Seafood is an increasingly worldwide commodity. Indeed, 80% of the fish and shellfish processed and consumed in the UK are imported with the vast majority being sourced from outside the EU. On the other hand, about 60% of our domestic catch is exported.

Our International Trade workstream is designed to support importing companies ensure the integrity and sustainability of imported seafood and securing continued supply from traditional sources as well as developing new relationships with new suppliers and providing up to date market information.

We continue to facilitate a UK presence at key export forums and exhibitions to help exporters meet potential buyers and showcase their products, as well as representing UK industry on relevant FAO committees, to ensure that the industry is conversant with current and up-coming issues.

Advice on international trade is taken from industry representatives who attend the Seafish / British Frozen Food Federation (BFFF) Importers Committee and Pelagic Industry Issues Group, both of which are facilitated by Seafish and Chaired by the Chairs of the Processing and Import and Domestic and Exporter Sector Panels respectively.

Key achievements

- Twenty-two Export Guides updated and uploaded on the Seafish website. Total downloads from the website in 2013 numbered 16,833 (11,042 in 2012).
- Supporting UK exporters at the British Pavilions at World Food Moscow and China Fisheries exhibitions.
- Organising receptions for British exporters at the China Fisheries Exhibition in Dalian in November 2013, an event that attracted over 230 buyers from China and throughout Asia.
- Seafish representatives also attended the North Atlantic Seafood Forum in Bergen in March 2014 at which the annual Humber Seafood Summit and the Biennial World Seafood Congress (that will be held in Grimsby in 2015) were promoted.
- Acting as the Official UK delegate at the United Nation's Food & Agriculture Organisation Committee on Fish (COFI) sub-committee on Aquaculture held in October and sub-committee on Fish Trade held in February 2014.
- Seafish funded a UK expert to attend the CODEX meeting in February 2014.

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

7. Industry Research: Information and Interpretation

This work programme aims to ensure that evidence, information, analysis and advice about seafood is freely available in a useful format to aid decision making by industry and Government. We cover market data as well as our Industry Issues Groups. We also deal with any information requests relating to the seafood industry.

Key achievements:

- We published over 200 retail, trade and foodservice reports, providing a wealth of information which has been used to inform Government, the seafood sector and the media.
- Our 'market insight' newsletter is now sent to 502 stakeholders each month.
- Following a survey of market data users in June 2013, our overall service has improved from 'good' to 'excellent' in the past two years.
- Engagement with all our Industry Issues Groups continues to grow. Almost all major UK retailers and major processors are now fully engaged with at least one of these forums. The circulation list for our regular 'issues-based' news alerts issues has also increased, reaching 700 stakeholders on a regular basis (at least monthly).
- Attendance at the Common Language Group (CLG) meetings remains at around 50 at each meeting. CLG created the opportunity for 40 seafood industry representatives to directly engage with Hugh Fearnley-Whittingstall on key issues following his Fish Fight series.
- The Skates and Rays Group was re-convened at short notice in October 2013 to address issues raised by misreporting in the media about mislabelling of skates and rays. It has since addressed issues raised by a One Show news item.
- We reviewed the Discard Action Group (DAG) remit in 2013 to ensure it continues to be a conduit for dialogue on how UK industry can move towards the introduction of a landings obligation including meetings with the devolved administrations, the EU, the RACs and giving evidence to the House of Lords Select Committee.
- All the Seafish generic guides were updated in September 2013 and a new guide on DNA testing was added to the suite, with Greenhouse Gas emissions to follow (overall 5,000 downloads of the Guides in the last six months). We have also produced a number of briefing notes to respond to specific issues such as the mackerel dispute, Total Allowable Catch (TAC) analysis, the landings obligation, working on UK fishing vessels and fishmeal in pig feed.
- Across the team (five people), we have recorded 298 general enquiries covering a range of subjects including market data, seafood technology, packaging, waste and by-products etc. Based on standard values rated per level of enquiry this has resulted in a total benefit of £437,500 for the year.
- We have worked on other issues including:
 - Cadmium in crabs; working with industry and the Food Standards Agency to collate information and develop a way forward that is workable for both industry and regulators.

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

- Working with policy makers to provide evidence which is permitting a change in rules for utilisation of cooked crab waste.
- In conjunction with Defra, commissioned and funded a project on the utilisation of discards for the bait market.

8. Regional Reports

Introduction

Our regional staff play a key role in helping to ensure that Seafish is properly engaged with key fishing regions of the UK, helping with communication and co-ordinating our national programmes at a local level. This national / regional approach recognises the diverse nature of the seafood industry in different parts of the UK; makes our services readily accessible and also ensures we can engage effectively with SMEs as well as major national companies.

Key achievements — Seafish Wales

Since November 2012 the Seafish Wales project manager has been actively engaging with stakeholders to establish and maintain good relationships with key seafood industry and Welsh Government contacts. Seafish work in Wales covers a range of projects and activities that aim to facilitate the sustainable economic development of the industry. Some of these key projects and activities include:

- Managing the Seafish Wales Advisory Committee (SWAC); a forum by which the seafood industry in Wales, through its representatives, can input into the decision making process of Seafish. The Advisory Committee meets three times a year to share information and to advise on the work of the Seafish Wales project manager. The membership of SWAC includes catching, aquaculture, processing, retail and foodservice representatives. Offshore and onshore training representatives and relevant representatives from Welsh government also have membership.
- Establishing a Seafood Training Network for Wales, based around a number of key fish and shellfish training and apprenticeship providers and employers. The key aims of the network are to signpost training opportunities to the onshore fish and shellfish sector in Wales, encourage skills development and career progression and seek funding to support training needs.
- Helping to stimulate local and national markets for seafood in Wales through promotion and education projects. These include working with Cywain Fisheries to develop A Consumer's Guide to Welsh Seafood, working with Fish is the Dish (FITD) to develop education packs for Welsh primary schools, and creating a FITD recipe booklet for Wales using recipes supplied by industry.
- Maximising industry benefit from European funding, including facilitating industry-led applications for European Fisheries Fund (EFF) funding, supporting Fisheries Local Action Groups (FLAGs) to help deliver Axis 4 funding benefits, and contributing to plans for European Maritime and Fisheries Fund (EMFF) funding.
- Seafish Wales also contributes to and supports the Fisheries Management process in Wales by attending Inshore Fisheries Group meetings and providing technical assistance to the Welsh Government Wales Marine Fisheries Advisory Group.

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

Key achievements — Seafish Northern Ireland

Seafish in Northern Ireland aims to facilitate the sustainable development of the Northern Irish fishing industry and local communities, working closely with a number of partner organisations to identify opportunities that support the economic development of fishing communities, highlight best practice and alert relevant public sector partners to those opportunities. Key elements of our programme include:

- The Seafish Northern Ireland Advisory Committee (SNIAC) meets three times annually and provides a forum for catching, processing and aquaculture representatives as well as fisheries scientists and government representatives to share information and inform the role and projects of Seafish NI. Current SNIAC projects include examining the impacts of developments in the Irish Sea, modelling the impacts of Common Fisheries Policy (CFP) reform as well as creating a film to examine and celebrate the NI Seafood industry.
- Supporting industry applications to secure finance from the EFF and developing collective projects for NI industry through the fund. This year funding has been secured for lifejackets for 1,340 fishermen and aquaculture workers. This project is ongoing with 700 PFDs distributed to date. Seafish NI have been project managing this initiative.
- Facilitating improved dialogue and communications between interested parties in the NI seafood sector and nationally. Representing and promoting the industry in the media and at local events. Seafish NI have attended and presented at a number of high profile events during the year including a DARD / Department of Environment Marine Stakeholder event and during the visit of a senior EU Official (Bernhard Freiss) to NI.
- Helping facilitate regional access to Seafish national resources and replicating successful national projects at a local level, such as initiating a Seafish Succorfish trial in Strangford Lough, creating a Fish is the Dish (FITD) recipe booklet for Northern Ireland using recipes supplied by industry and working with FITD to develop education packs for NI schools. In addition Fish and Shellfish Apprenticeships have been launched recently in NI working with Southern Regional College.

Key achievements — Seafish England

Our major roles for the UK are the management of industry reputation, boosting regional engagement, supporting environmental improvement and responsible sourcing initiatives and boosting consumption. Some of our most important projects running up to 2014 have included:

- Organising a number of important regional events, including the Humber Seafood Summit, a legislation forum and Project Managing the World Seafood Congress 2015.
- Driving regional engagement groups and workshops including Seafood Cornwall Training, Humber Seafood Group, Scallop Association, Channel Scallop Group, Project Inshore, Producer Organisations, Inshore Fisheries Conservation Authorities, Environmental Non-Government organisations, Wildlife Trusts, local FLAG's and Market data roadshows in Humberside.
- Environment and responsible sourcing projects, for instance a discards and mitigation initiative in the South West to meet CFP reform; supporting the Channel Scallop Group with good practice guides and preparation for Marine Stewardship

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

Council Assessment and engagement with the 'Fishing for Litter' scheme for English fishermen.

- Helping facilitate dialogue and understanding by organising meetings between the fishing community and their MPs and MEPs.
- Promoting regional best practice, for instance through the Responsible Fishing Scheme and Technical Gear trials.
- Supporting international outreach for local industry representatives, such as through the North Atlantic Seafood Forum and various trade missions.

Key achievements — Seafish Scotland

Seafish and Seafood Scotland have worked in partnership to deliver a number of key projects. These include:

- The first Inshore Fisheries Conference which attracts delegates from across the industry.
- The Seafood in Schools Project, which aims to teach children about Scottish seafood: where it comes from, how it reaches our plates, and why eating seafood is good for us. In partnership with the Scottish seafood industry, the project encourages teachers at primary and secondary level to use seafood as a context for interdisciplinary learning.
- A Sustainability and Environmental Awareness programme to companies and organisations, helping participants to highlight the sustainability of Scottish seafood and develop business to business and business to consumer marketing messages.
- Business development support for Scottish companies helping them to gain extra value from raw seafood materials, such as through branding, new product development, chain of custody management, development of technical systems and supply chain match making.

Financial Review of Financial Results for the Year

Seafish delivered a £1.58m surplus for 2013/14, as compared with £184k in the previous year. The main reasons for this £1.396m increase were:

- A £400k contribution towards the legal fees of the 2010 court case was received from the liquidators of the company that raised the legal challenge.
- Under IAS19 reporting requirements relating to the WYPF pension scheme, an actuarial gain of £491k was recognised during the year as opposed to an actuarial loss of £213k in 2012/13, giving a £704k positive movement.

Other movements to note were:

- Levy income and project income increased by £174k and £72k respectively. These increases were offset by decreases in commercial income of £39k, and interest receivable of £25k.
- Staff costs increased by £181k as a result of the 1% annual pay award and increases in employers' N.I. and pension contributions.
- Restructuring and redundancy costs reduced by £225k as there was no restructuring during the year.
- Other expenditure reduced by £131k, mainly due to the reduction in project expenditure of £190k. This was partially offset by a significant additional spend in

THE SEA FISH INDUSTRY AUTHORITY STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

staff training and recruitment after years of under investment in staff due to the court case, and other minor movements in costs.

In recognition of the high surplus achieved for the year Seafish has, through the panel process, budgeted a deficit of £1.2m for 2014/15. Also, following a consultation with industry in the autumn of 2013, Seafish has recommended to the four Administrations a one off levy rebate of 10% for the year to March 2014. At the date of signing of these accounts, no reply has yet been received to this and no provision (estimated to be £803k) has been made in these accounts.

Review of the financial position as at 31 March 2014

After covering all of its liabilities, Seafish had net assets at 31 March 2014 of £4m (2013: £2.4m). The significant movements were:

- Trade receivables and other assets reduced by £705k. This was due to the levy debtors reducing by £369k as a result of collecting arrears, and trade receivables reducing by £505k mainly as a result of payments received relating to European Fisheries Fund grant debtors. These reductions were offset by an increase in accrued income of £127k.
- Cash increased by £1.355m as a result of the surplus generated and as detailed in the Statement of Cash Flows.
- Trade and other payables reduced by £946k, as a result of reductions in: trade creditors - £156k due to the commitment to pay suppliers promptly: accruals - £409k due to a reduction in the provision for un-invoiced services and staff exit packages: deferred income - £363k due to a reduction in the amounts invoiced in advance of Seafish carrying out the work.

Future Strategic Direction

Seafish has a very clear purpose – to help secure a sustainable and profitable future for the UK seafood industry. However, recent meetings of our Sector Panels and conversations with wider industry have suggested that there is an additional area of concern which needs to be added to the remit of Seafish. This is the question of an ethical industry, and addressing issues with product integrity and worker welfare in supply chains. Seafish will be building this new direction into the Corporate Plan for 2015 – 2018, but the first meeting of an Ethics Working Group has already taken place.

Seafish consulted with industry on a reduced rate of levy in 2013 and a report was placed with the four Fisheries Administrations in October of that year. However, industry reaction was mixed and Seafish has not yet had a response from the four Fisheries Administrations as to whether a levy reduction will be agreed. Our future plans are based on levy take remaining the same and will have to be adjusted should a reduction be subsequently agreed.

Regardless, Seafish has now moved from a transition period after the legal challenges and is now firmly into delivery. Apart from the addition of the work on an ethical industry, the main work programmes going forwards will remain very similar. The summary high level objectives will become Enhance Reputation, Promote Consumption and Inform Decisions - very similar to those in the previous Corporate Plan.

**THE SEA FISH INDUSTRY AUTHORITY
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

How well are we performing?

Seafish records its progress using robust project management and financial reporting systems that are matched to a critical plan of achievements and Key Performance Indicators which are outlined in our corporate plan. Adjustments to any programmes are made from time to time and these, along with the progress reports, are agreed at executive level before being monitored and reviewed on a regular basis by the Seafish Board and Sector Panels.

To date Seafish can report that it is on plan to deliver the Corporate Plan in full. This means that its goals across all workstreams, from reputation and consumption to training and responsible sourcing, will have helped the industry take significant steps towards its goal of achieving a sustainable and profitable future.

Industry and stakeholders are communicated to on a regular basis concerning progress both through the formal Board and Panel structure but also through a newly established e-newsletter, the Seafish website and our media engagement programme. An overarching stakeholder survey, conducted annually, will also give stakeholders an opportunity to comment on the efficiency and effectiveness of Seafish not just at programme level but also at operational level. The results will be used to drive an ongoing cycle of continual performance improvement across the organisation.

Risk and uncertainties

The key risk facing the organisation is a possible change to the political constitution of the UK. We are as yet unclear what the promise of further devolution may bring in terms of constitutional change, but it is possible that Seafish delivery will be affected in some way. Furthermore, uncertainty around this issue could lead to a loss of stakeholder focus. To mitigate this risk, Seafish will endeavour to inform the process of change as it affects the seafood industry. We will engage all four Administrations and other stakeholders in that work, and will seek to demonstrate our value through the delivery of our Corporate Plan 2015-18.

**P Williams – Chief Executive
28th November 2014**

THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

History and statutory background

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

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

Principal activities

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

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

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

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

Recent background

Following the discussion with industry on the role of Seafish, a new structure was established in April 2012. This established a new Board with responsibility for the governance of the organisation and setting the strategic direction. Under this, three sector panels have been established to inform the operational activities. These three Sector Panels represent the interests of their sectors:

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

THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

The Panels are composed of a mix of representative organisations and those who bring direct skills and expertise to the Panel. They are constituted to meet twice per year to review the activities and progress towards the KPIs. During the year to 31 March 2014, the Panels met three times to review the progress on the delivery of the Corporate Plan.

Board members

There are nine 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 five members have expertise in and represent the interests of the sea fish industry.

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

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

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

Board members' responsibilities

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

The Chief Executive of Seafish, as Accounting Officer, is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004 and the Accounts Direction issued by the Secretary of State for the Environment, Food and Rural Affairs.

THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

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

The 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 2013/14:

Dr. P. Williams (Chief Executive)
Mrs J. Anderson (Finance Director / Business Services Director)
Mr T Pickerell (Technical Director)
Mrs M Groundsell (Corporate Relations Director)
Mr R Bruce (Corporate Relations Director)
Mr J Harman (Development Director)

Business review and future developments

The Statement of Comprehensive Income is set out on page 39 of the accounts. The net income for the year, after taxation, amounted to £1.089m (2012/13: net income £397k).

A detailed Strategic Report is set out on pages 6 to 18. The Strategic Report contains a performance and financial review of the activities undertaken by Seafish during 2013/14 as well as information on future developments.

Political and charitable donations

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

Payment of creditors

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

At 31 March 2014, £60k was owed to trade creditors representing four days purchases outstanding (31 March 2013 – 13 days). The number of days outstanding has decreased significantly because a great effort has been made to pay suppliers quickly.

Pension liabilities

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The Seafish element of the WYPF scheme has a total deficit (funded and non-funded) at 31 March 2014 of £9.4m (31 March 2013: deficit of £9.4m). 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 SEA FISH INDUSTRY AUTHORITY
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

the WYPF, Seafish has a liability for a scheme on behalf of former Herring Industry Board employees, The Seafish Pension and Life Assurance Fund (SPLAF). At 31 March 2014 the liability for SPLAF was £281k (2013: £316k). The total pension liability at 31 March 2014 is therefore £9.670m (2013: £9.734m) as per note 10f of the accounts.

Union recognition

The number of staff who were members of the union, Unite, exceeds 50%, and Seafish therefore formally recognises that body.

Disabled persons

Seafish operates an equal opportunities policy and treats all job applicants in the same way regardless of their disability. If an employee becomes disabled during employment, all practical efforts will be made to enable them to continue in their employment.

Sickness absence

We have one common absence management policy which covers the whole of the organisation and provides a consistent framework approach to management. The policy is underpinned by an externally provided occupational health service and employee assistance programme which is available 24 hours a day. Our overall level of sickness absence during 2013/14 was three days (2012/13: two days) per person.

Employee involvement

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

Staff split by Gender

Changes to the Companies Act 2006 set out new legislation that the gender split of employees must be reported. Seafish's total staff as at the 31 March 2014 is shown in the below table. This table includes permanent and temporary staff.

	Male	Female
Non-Executive Directors	6	3
Executive Directors	2	2
Management Staff	9	6
Panel Members	10	1
All Other Staff	35	24
Total Staff	62	36

**THE SEA FISH INDUSTRY AUTHORITY
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

Auditors

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2013/14 is £36k (2012/13: £34k). There was no non-statutory audit work undertaken by the Comptroller and Auditor General in 2013/14 or 2012/13.

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

**P Williams – Chief Executive
28th November 2014**

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

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

The Committee comprises three members, all of whom are non-executive Board Members of Seafish and is chaired by the Deputy Chairman. Members during the year to 31 March 2014 were Jane Ryder, Clare Dodgson and Peter Hajiperis. Meetings are normally held not less than twice a year and minutes are taken at all meetings. The committee met three times during the year.

Executive Directors Emoluments

Contracts of employment for executive directors

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

Set out below are the details of the contracts of employment for Seafish's senior executive staff as at 31 March 2014.

	Contract start date	Contract expiry date	Notice period	Unexpired term
Paul Williams <i>Chief Executive</i>	01/01/2004	Indefinite	6 months	n/a
Janice Anderson <i>Business Services Director (Finance Director to 31/01/2013)</i>	13/05/2011	Indefinite	6 months	n/a
Tom Pickerell <i>Technical Director</i>	01/07/2013	Indefinite	3 months	n/a
Mel Groundsell <i>Corporate Relations Director</i>	24/02/2014	Indefinite	3 months	n/a

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

Remuneration of senior executive staff

Pay policy is formally reviewed annually by the Committee. In seeking to ensure pay and other conditions are fair, competitive and affordable, market data and other relevant data are taken into account. Like all other Seafish employees, the pay associated with executive posts is derived from a formal job evaluation process, and pay increases are linked to performance. In line with the Governments pay policy, an award of 1% was made to staff for the year to March 2014.

Methods used to assess whether performance conditions are met

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

Contracts of employment for executive directors

Set out below are details of the remuneration of Seafish's senior executive staff during the year to 31 March 2014. Benefits in kind comprise car benefit, medical insurance and professional subscriptions.

The following information is subject to audit:

	Basic Salary		Bonus		Benefits in Kind		Compensation		Pension Benefit		Total	
	(Bands of £5,000)		(Bands of £5,000)		(Nearest £100)		(Bands of £5,000)		(Nearest £000)		(Bands of £5,000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Paul Williams	95-100	90-95	0-5	5-10	4,000	2,700	n/a	n/a	20	23	120-125	125-130
Janice Anderson	80-85	70-75	0	0-5	3,400	3,200	n/a	n/a	8	7	90-95	85-90
Tom Pickerell	50-55 (FYE: 70-75)	n/a	0	n/a	5,300	n/a	n/a	n/a	2	n/a	60-65	n/a
Mel Groundsell	5-10 (FYE: 65-70)	n/a	0	n/a	400	n/a	n/a	n/a	0	n/a	5-10	n/a
Rob Bruce	15-20 (FYE: 75-80)	n/a	0	n/a	900	n/a	10-15	n/a	2	n/a	35-40	n/a
Jon Harman	0-5 (FYE: 90-95)	90-95	0	0	100	6,100	n/a	285-290	0	41	0-5	425-430

Rob Bruce resigned from Seafish with effect from 22nd October 2013 and received a compensation payment as noted above that included his notice and outstanding holiday pay.

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

Pension Scheme particulars of executive directors

Set out below are the Pensions Scheme particulars of Seafish's senior executive staff during the year to 31 March 2014.

	Pension Scheme details	Employees contribution rate	Employers contribution rate
Paul Williams	West Yorkshire Pension Fund	7.5%	15.2%
Janice Anderson	Legal and General	5.0%	10.0%
Tom Pickerell	Legal and General	7.3%	10.0%
Rob Bruce	Legal and General	5.0%	10.0%
Jon Harman	West Yorkshire Pension Fund	7.5%	15.2%

Pension Entitlement of executive directors: defined benefit schemes

Set out below are details of the pension benefits accrued at and earned by each of Seafish's executive directors who were members of a defined benefit scheme during the year to 31 March 2014.

	Real increase in pension £'000	Real increase in pension lump sum £'000	Total accrued pension at 31/03/2014 £'000	Lump sum at 31/03/2014 £'000	CETV at 31/03/2014 £'000	Increase in CETV £'000
Paul Williams	0-2.5	0-2.5	10-15	15-20	222	25
Jon Harman	0-2.5	0-2.5 decrease	10-15	15-20	223	3

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

Cash Equivalent Transfer Value

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

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

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

There were no off payroll arrangements made throughout the year.

Pension entitlement of executive directors: defined contribution schemes

Set out below are the details of the employer's contributions made on behalf of Seafish's executive directors who were members of a defined contribution scheme during the year to 31 March 2014.

	Employer's contribution	
	For the year ended 31-Mar-14 £000	For the year ended 31-Mar-13 £000
Janice Anderson	8	7
Tom Pickerell	2	n/a
Rob Bruce	2	n/a

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

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

The remuneration of the highest paid director in Seafish in 2013/14 was £102,500 (2012/13: £107,500). This was 2.86 times (2012/13: 3.07 times) the median salary of the workforce, which was £35,874 (2012/13: £35,064)

In 2013/14 or 2012/13 no employee received remuneration in excess of the highest paid director.

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

**THE SEA FISH INDUSTRY AUTHORITY
REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

Non-executive Directors' Emoluments

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

	2013-14	2012-13		
Name and title	Salary in £5k bands £000	Salary in £5k bands £000	Date of appointment	Appointment ends
E Hayes Chair	15-20	0-5 (FYE 15-20)	01/01/2013	31/12/2015
J S Whitehead OBE (Chairman to 31/12/2012)	0	35-40 (FYE 50-55)	01/04/2012	31/12/2012
J Ryder OBE Deputy Chair	10-15	20-25	01/04/2012	31/03/2015
M Kaiser Industry Member (Deputy Chairman 2012)	5-10	5-10	01/04/2012	31/03/2015
C Dodgson Independent Member	5-10	5-10	01/04/2012	31/03/2015
P Hajipieris Industry Member	5-10	5-10	01/04/2012	31/03/2015
P Huggon Independent Member	5-10	5-10	01/04/2012	31/03/2015
M Park Industry Member	5-10	5-10	01/07/2010	31/03/2015
S Parry Industry Member	0-5	5-10	01/04/2012	31/03/2015
J Wilson Industry Member	5-10	10-15	14/04/2009	31/04/2015

Non-executive directors receive no other payments or benefits in kind. The remuneration of non-executive directors is paid directly by Defra for agreed contractual days. The above remuneration includes £2k agreed with and paid for by Seafish.

**P Williams – Chief Executive
28th November 2014**

THE SEA FISH INDUSTRY AUTHORITY STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2014

Under the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004, the Secretary of State of Environment, Food and Rural Affairs has directed the Sea Fish Industry Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Sea Fish Industry Authority and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

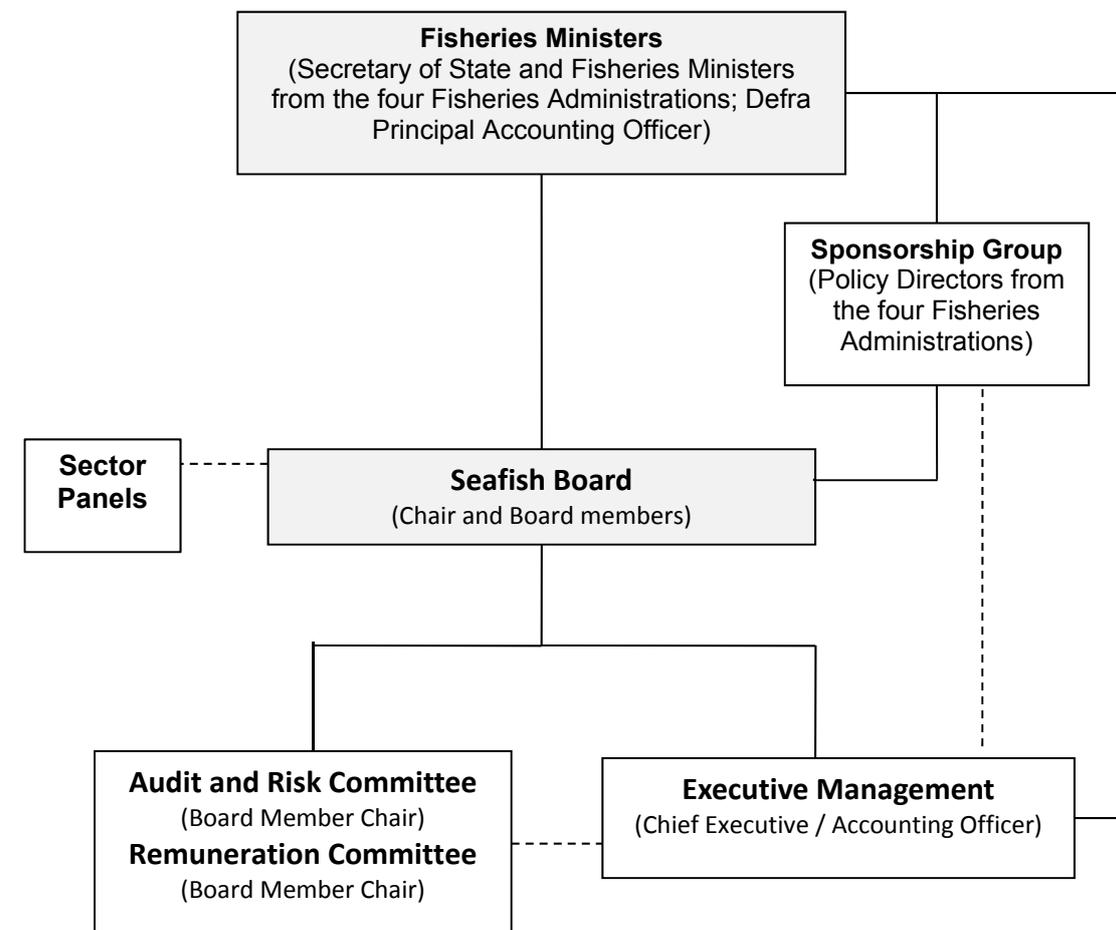
**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

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

THE GOVERNANCE FRAMEWORK OF SEAFISH

In 2013 Seafish and the four Fisheries administrations agreed the detail of a Framework Agreement that set out the overarching arrangements for the sponsorship of Seafish and the governance and accountability arrangements between the four Fisheries Administrations (being the Department for Environment, Food and Rural Affairs (Defra), Marine Scotland, Department for Agriculture and Rural Development Northern Ireland (DARD) and the Welsh Government) and Seafish. This structure was operational throughout 2013/14.

GOVERNANCE STRUCTURE



Formal governance relationship _____

----- **Informal relationship**
(e.g. advisory, customer)

THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

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

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

THE BOARD

As stated in the directors' report on page 20, there were nine non-executive Board Members during the year, four of whom were independent members, the remaining five being from the seafood industry. The Board met six times during the year and all meetings were properly conducted and minuted. The Panel Chairs, the Chief Executive and the executive directors attend and participate in all Board meetings. The Board meets in closed session where appropriate.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

BOARD MEETINGS

The meeting attendance records for Board members during 2013/14 are detailed in the table below:

Board Member	Board		ARC		RemCom		Possible Total	Attended Total
	Possible	Attended	Possible	Attended	Possible	Attended		
Elaine Hayes (Chair)	6	6	0	0	0	0	6	6
Jane Ryder OBE (Deputy Chair)	6	6	5	5	3	3	14	14
Clare Dodgson	6	5	0	0	3	3	9	8
Peter Hajiperis	6	5	0	0	3	3	9	8
Philip Huggon	6	6	5	3	0	0	11	9
Michael Kaiser	6	6	0	0	0	0	6	6
Mike Park	6	4	5	5	0	0	11	9
Stephen Parry	6	4	5	4	0	0	11	8
James Wilson	6	6	0	0	0	0	6	6

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

During 2013/14, the Seafish Board considered the following significant items:

- **Staff structure**

The Board were briefed by the Remuneration Committee (RemCom) regarding the changes to the staffing structure and the new performance management system. The Board also closely monitored the staff resources to ensure delivery of the Corporate Plan.

- **Change management**

The Board were also briefed by RemCom regarding the appointment of a senior HR Manager, and the progress of the change management programme.

- **Levy review**

The response to the 'Discussion with Industry' in the autumn of 2011 included a request for a review of the levy, to cover both the rates applied and the species included. A consultation took place during the summer of 2013 on the rates charged, in advance of proposals being presented to the four fisheries administrations. A response is still outstanding from the administrations in respect of this.

- **One-off 10% levy rebate**

A further proposal was put to the four administrations regarding levy income, by way of a one-off rebate of 10% in 2013/14. Seafish is still also awaiting a response to this.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

Conflicts of interest

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

Board effectiveness

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

The Board agreed five objectives covering their roles in ensuring good governance, strategic leadership and delivery from Seafish, and also covering their relationship with the wider industry and each other.

In addition, in line with best practice, the Board conducted a self-assessment exercise in January 2014 and agreed areas for improvement which are being addressed.

Board and Panel Chairs

The Panel Chairs are not full Board members and are not appointed by the Administrations but they do attend Board meetings, leading to some ambiguity about their role with the Board. Their exact role at Board meetings was consequently resolved by discussion between Board and Chairs and by reference to the Framework Document. The intention is that the Panel Chairs are involved in Board discussions on:

- Formulation of Corporate Plans, taking into account the views of the different Panels.
- Formulation of activity plans.
- Delivery of Corporate Plan and activity plans.
- External Communications strategy.
- Assessment of benefit/value for money from Seafish activities.

However, the Board reserves the right to hold meetings or parts of meetings without the Panel Chairs to discuss issues such as:

- HR matters including corporate and individual development plans.
- Staff remuneration.
- Levy collection, particularly issues involving specific companies and potential legal action.
- Legal actions by or concerning Seafish.
- Consideration of Annual Accounts.
- Intra-Board communications.
- Other issues where the Board feel that confidentiality may be required.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

AUDIT AND RISK COMMITTEE (ARC)

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

This committee met five times during the year, with the attendance as noted on page 32.

During 2013/14, this committee has:

- Considered the Annual Report and Accounts for the year to 31 March 2013.
- Continued the oversight of the transition programme which saw considerable progress in the areas of staff recruitment, project management, risk management, and IT.
- Considered an internal audit report on project management systems and agreed the scope of an internal audit of accounting systems and controls.
- Considered the scope of Information Management within Seafish and approved a wide ranging strategy, currently being implemented.
- Made improvements in its own operation: agreeing the approach of differentiating between less formal drill downs, which are staff led and likely to identify aspects needing further development, and more formal Internal Audit work which tests and validates systems.

The significant issues identified by ARC during 2012/13 were largely resolved or are being addressed. These were:

- The need for development of the risk management strategy.
- The need for development of the project management systems.

The ARC identified the following significant issues during 2013/14:

- Uncertainty around the outcome of the levy review.
- Uncertainty around the outcome of the independence referendum in Scotland and the possible impact on Seafish as a UK body.

Overall, ARC has been able to deliver on a significant and valuable programme of activity, and acknowledges that there is an improved and more reliable framework of assurance in place for at the end of 2013/14.

ARC effectiveness

In line with best practice, ARC undertook a self-evaluation of its performance in February 2014. It was felt that the committee had matured throughout the year, that the current skills mix of the membership was appropriate, and concluded that it was effective.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by the Seafish Deputy Chair and includes two other non-executive members. The role of the Remuneration Committee is to advise the Board on matters of staff remuneration, performance management and other systems and processes relating to staff management and welfare, attraction, retention and development, contributing to the Board's corporate role.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

The Remuneration Committee met three times during the year and has focussed on:

- The development and delivery of an appropriate staffing structure.
- The oversight of the internal change management programme, including constructive input into the performance management system being introduced in April 2014.
- Staff remuneration.

Significant issues

The significant issues identified by the Remuneration Committee during 2012/13 were largely resolved or are being addressed. These were:

- The absence of a clear HR strategy or senior HR support.
- Lack of internal clarity about responsibilities and accountabilities.

For 2013/14 the Remuneration Committee reported that there were no significant strategic or control issues.

RISK AND CONTROL FRAMEWORK

Risk management strategy

Seafish has revised its risk management strategy, with the improvement of its systems to embed risk management in the business processes. The approach taken is that:

- Identification and assessment of risks is embedded at all levels throughout the organisation. Risks are considered at all stages of establishing and implementing corporate strategy and operational plans.
- Risks are grouped and assessed as either strategic or operational risks.
- Once the risks are identified, they are evaluated in terms of probability of the risk occurring, and potential impact should the risk occur.
- Significant risks are entered on the risk register.
- The risk register has named risk owners.
- All significant risks have an action plan to mitigate or eliminate the risk as appropriate.
- To monitor changes and check progress of mitigation measures, the risk register is reviewed by the Executive on a quarterly basis, and at least twice a year by the ARC.
- The Board reviews the risk register at least twice a year, and once a year carries out an in-depth review of all risks.

Key risk

During 2013/14, the Board and ARC identified a key risk as being the uncertain outcome of the independence referendum in Scotland in September 2014 and the possible impact on Seafish as a UK body. With the referendum now passed, the key risk identified is the change to the constitution of the UK and the potential impact on Seafish. To mitigate this risk, Seafish will endeavour to inform the process of change as it affects the seafood industry, has increased engagement at a national level through Seafish regional staff and commissioned a review of regional activities.

**THE SEA FISH INDUSTRY AUTHORITY
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

INFORMATION MANAGEMENT AND DATA PROTECTION

I have appointed a Head of Information Services to take responsibility for management of information in Seafish, including ensuring appropriate levels of data protection.

Information assets have been reviewed and information asset owners identified and all staff have been made aware of their responsibilities in information management and data protection. Systems to regulate storage, accessibility, cleansing and audit of information assets have been established. Seafish does carry out some data modelling, mainly on the economics of the UK seafood industry. However, these models are not significantly influential in determining the position or future of Seafish as an organisation, so Seafish has no Business Critical Models.

Systems to ensure the appropriate protection of data held by Seafish are already in place, including systems to protect data during transport or transfer to other sites or organisations. Seafish's approach to the management of security risks is proportionate to the nature of the risks, and controls are in place to ensure that all information is handled securely. There were no reported data losses in the course of the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

Seafish received no ministerial directions in 2013/14.

Conclusion

The governance arrangements of Seafish have improved significantly over the course of 2013/14, and continue to support the delivery of essential operations and services for the sea fish industry.

**P Williams – Chief Executive
28th November 2014**

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 2014 under the Fisheries Act 1981. These comprise the Statements of Comprehensive Income, Financial Position, Cash Flows, Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

Scope of the Audit of the Financial Statements

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

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sea Fish Industry Authority's affairs as at 31 March 2014 and of the net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the

Fisheries Act 1981 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder; and
- the information given in the foreword, strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Amyas C E Morse

4 December 2014

Comptroller and Auditor General

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

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2013-14 £000	Restated 2012-13 £000
Expenditure			
Staff costs	4b	3,176	2,995
Restructuring/redundancy	4e	61	286
IAS 19 pension charge	4c	443	419
Depreciation and amortisation	5&6	110	56
Other expenditure	3	6,085	6,216
		<u>9,875</u>	<u>9,972</u>
Income			
Levy income	2a	(8,408)	(8,234)
Project Income	2b	(1,798)	(1,727)
Other Income	2b	(1,054)	(700)
		<u>(11,260)</u>	<u>(10,661)</u>
Net income		(1,385)	(689)
Interest receivable		(128)	(153)
Financing charge on pension scheme assets and liabilities	10b	398	414
Net income after interest		<u>(1,115)</u>	<u>(428)</u>
Taxation		26	31
Net income after taxation		<u>(1,089)</u>	<u>(397)</u>
Other Comprehensive Expenditure			
Actuarial (gain) / loss on pension scheme assets and obligations	10c	(491)	213
Total Comprehensive Net Income		<u>(1,580)</u>	<u>(184)</u>

Restatements

The comparative figures above and in notes 4 and 10 have been restated due to a revision of International Accounting Standard 19 – Accounting for employee benefits. This relates to how pension scheme expenses are accounted for in actuarial reports and affect all organisations which operate defined benefit pension schemes. The effect has been to change the allocation throughout pension disclosure in the statement of comprehensive income. However, the overall effect is nil and the statement of financial position remains unaffected.

The notes on pages 43 to 66 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014**

	Note	31 March 2014 £000	31 March 2013 £000
Non-current assets			
Property, plant and equipment	5	983	979
Intangible assets	6	<u>84</u>	<u>100</u>
Total non-current assets		1,067	1,079
Current assets			
Trade and other receivables	8	2,948	3,653
Cash and cash equivalents	14	<u>10,887</u>	<u>9,532</u>
Total current assets		13,835	13,185
Total assets		<u>14,902</u>	<u>14,264</u>
Current liabilities			
Trade and other payables	9	<u>(1,205)</u>	<u>(2,150)</u>
Total current liabilities		(1,205)	(2,150)
Non-current assets plus net current assets		<u>13,697</u>	<u>12,114</u>
Non-current liabilities			
Provisions - unfunded pension liabilities	10	(4,076)	(4,392)
Pension liabilities	10	<u>(5,594)</u>	<u>(5,342)</u>
Total non-current liabilities		(9,670)	(9,734)
Assets less liabilities		<u>4,027</u>	<u>2,380</u>
Reserves			
Revaluation reserve		104	104
General fund		9,517	7,618
Pensions reserve		(5,594)	(5,342)
		<u>4,027</u>	<u>2,380</u>

**P.Williams - Chief Executive
28th November 2014**

The notes on pages 43 to 66 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2013-14 £000	2012-13 £000
Cash flows from operating activities			
Net income		1,385	689
Depreciation and amortisation		110	56
Decrease/(increase) in trade receivables		479	(257)
Increase/(decrease) in trade payables		(940)	357
Use of provisions		430	196
Board remuneration paid by Defra		67	99
Defined pension contributions paid		(273)	(296)
Corporation tax paid		(31)	(5)
Net cash inflow/(outflow) from operating activities		<u>1,227</u>	<u>839</u>
Cash flows from investing activities			
Interest received		226	47
Purchase of property, plant and equipment	5&6	(98)	(221)
Net cash (outflow)/inflow from investing activities		<u>128</u>	<u>(174)</u>
Net (decrease)/increase in cash and cash equivalents in the period		1,355	665
Cash and cash equivalents at the beginning of the period		9,532	8,867
Cash and cash equivalents at the end of the period	14	<u>10,887</u>	<u>9,532</u>

The Statement of Cash Flow has been prepared to ensure it is fully compliant with the FReM, and the previous year figures have been reclassified to aid comparability with the current year.

Cash reserves policy

Seafish should always have cash reserves, including long term deposits, of an amount no less than the sum of the unfunded pension liability (£4.1m at 31 March 2014), a six month operating cushion of £3.9m and general working capital of £1m. This totals £9m and is covered by the cash balance of £10.9m at 31 March 2014.

The notes on pages 43 to 66 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2014**

	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2012	104	6,998	(5,005)	2,097
Changes in taxpayers' equity for 2012-13				
Transfers between reserves	0	124	(124)	0
Actuarial loss on pension scheme assets and obligations	0	0	(213)	(213)
Notional charge to Defra	0	99	0	99
Retained net income	0	397	0	397
Balance at 31 March 2013	<u>104</u>	<u>7,618</u>	<u>(5,342)</u>	<u>2,380</u>
Balance at 1 April 2013	104	7,618	(5,342)	2,380
Changes in taxpayers' equity for 2013/14				
Transfers between reserves	0	743	(743)	0
Actuarial gain on pension scheme assets and obligations	0	0	491	491
Notional charge to Defra	0	67	0	67
Retained net income	0	1,089	0	1,089
Balance at 31 March 2014	<u>104</u>	<u>9,517</u>	<u>(5,594)</u>	<u>4,027</u>

Pension reserve

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

Revaluation reserve

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

General fund

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

The notes on pages 43 to 66 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014**

1. Statement of accounting policies

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

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

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

- Pension liabilities (reported in note 10). Independent and qualified actuaries assess the specific factors that influence the pension fund position such as mortality rates, the life expectancy and age of scheme members, prevailing interest and inflation rates, and projected returns on assets.
- The useful economic lives of property, plant and equipment, and intangible assets (see note 1.2)
- Within receivables there are accrued income balances relating to grants to be invoiced. These amounts are based on the project costs at the year end with the agreed grant percentage applied and a deduction for ineligible costs. There is a small element of judgement in assessing the ineligible costs.
- Within payables there are deferred income balances relating to amounts invoiced in advance of the work being carried out. These amounts are based on the percentage of uncompleted work against the income received, and there is an element of judgement assessing the stage of completion.
- Within receivables there is an amount in respect of levy debtors which is calculated using an estimation methodology as detailed in note 1.6.

1.1 Accounting convention

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

1.2 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 2012. The valuation of £850,000 is incorporated in these accounts after confirmation was received that there had been no change to that value.

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

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

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

1.3 Depreciation

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

	(%)
Furniture and equipment	10-20
Computer equipment	33
Intangible asset — software	33

Freehold buildings are depreciated over their estimated useful economic life. The buildings were valued in March 2012 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2042. Freehold land is not depreciated.

1.4 Impairment

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

1.5 Intangible assets

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

1.6 Operating income

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

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

1.7 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at 31 March 2014. Transactions in foreign currencies are translated at the rate ruling on the date of the transaction.

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

1.8 Leases

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

1.9 Financial instruments

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has material deposits, and places funds, with the exception of daily working capital on fixed rate deposits to minimise any interest rate risk. All material assets and liabilities are denominated in sterling so Seafish is not exposed to currency risk. Full disclosure required by IAS 32, IAS 39 and IFRS 7 is shown at note 13.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

1.10 Grants receivables

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

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

1.11 Provisions

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

Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, Seafish discloses for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote – unless disclosure of those remote liabilities is itself believed likely to increase the possibility of the liability being accrued, or the value of these remote liabilities is not material. At 31 March 2014, Seafish had no contingent liabilities (31 March 2013: nil).

1.12 Corporation tax and value added tax

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

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

1.13 Staff costs

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

1.14 Pensions

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

i. Defined Benefit Schemes

For the defined benefit scheme, the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period to which they relate in other comprehensive income/expenditure. The expected return on investment assets and the interest on liabilities are included in the finance charge and shown in the Statement of Comprehensive Income. The current service costs are shown as the IAS19 pension adjustment under Expenditure in the Statement of Comprehensive Income.

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

ii. Defined Contribution Schemes

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

IAS 19 (Employee Benefits) has been revised and came into force for the current year, and also requires the prior year to be restated for consistency. This has affected Seafish's reporting of its defined benefit pension scheme in its accounts for the year ending 31 March 2014 but has no overall net effect. The additional disclosure requirements are recorded accordingly in Note 10.

1.15 Impending application of newly issued accounting standards not yet effective

All International Reporting Standards (IFRS), Interpretations and Amendments to Published Standards, effective at March 2014 have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

2. Income

a) Levy Income

Fees and charges (recovered costs)

	2013-14		
	Full		
	Income	Cost	Surplus
	£000	£000	£000
Levies collected under the Fisheries Act 1981	8,408	7,102	1,306
	2012-13		
	Full		
	Income	Cost	Surplus
	£000	£000	£000
Levies collected under the Fisheries Act 1981	8,234	7,492	742

Seafish sets its levy rates with due regard to HM Treasury's Fees, Charges and Levies guidance in Managing Public Money, with the financial objective of recovering all costs.

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

b) Project and other income

	2013-14 £000	2012-13 £000
Project income		
EU	404	818
Non EU	1,394	909
	<u>1,798</u>	<u>1,727</u>
Other income		
Commercial income	648	687
Payment towards High Court legal costs	400	0
VAT recovery	6	13
	<u>1,054</u>	<u>700</u>
Total	<u>2,852</u>	<u>2,427</u>

3. Other expenditure

Details of Seafish expenditure is made up as follows:

		2013-14 £000	2012-13¹ £000
Project Activities	— EU	341	1,335
	— Other	3,977	3,173
		<u>4,318</u>	<u>4,508</u>
Commercial Activities	— EU	0	0
	— Other	223	267
		<u>223</u>	<u>267</u>
Location costs		462	544
Professional fees		35	-22
Motor vehicle costs		154	129
Other administration costs		111	111
Travel and subsistence		122	106
Staff training and recruitment		233	132
Consultancy spend		78	115
Repairs and maintenance		6	3
Computing costs		79	85
Increase in receivables impairment		1	7
Auditors remuneration		36	34
Operating lease rental		227	197
		<u>1,544</u>	<u>1,441</u>
Total other expenditure		<u>6,085</u>	<u>6,216</u>

¹ The comparatives in the above table have been amended to disclose auditors remuneration and operating lease rental.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

4. Staff numbers and related costs

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

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Research	35	35	2	3	37	38
Business Development	23	24	2	1	25	25
Corporate Services	15	13	1	0	16	13
Board Members	9	9	0	0	9	9
Panel Members	11	7	0	0	11	7
	<u>93</u>	<u>88</u>	<u>5</u>	<u>4</u>	<u>98</u>	<u>92</u>

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

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000	£000	£000
Gross salaries	2,654	2,633	81	42	2,735	2,675
Social security costs	258	223	11	4	269	227
Agency staff costs	0	0	15	11	15	11
Defined contribution scheme costs	64	31	0	0	64	31
Defined benefit scheme past service costs	93	51	0	0	93	51
	<u>3,069</u>	<u>2,938</u>	<u>107</u>	<u>57</u>	<u>3,176</u>	<u>2,995</u>

The salaries of the non-executive directors are paid by Defra. The amount paid by Defra during the year to March 2014 amounted to £67k (2013: £99k), and is included as a notional cost in gross salaries above.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

4. Staff numbers and related costs (continued)

(c) Analysis of pension costs

	2013-14	Restated 2012-13
	£000	£000
Pension current service cost	443	419
Past service (gain) / cost	0	0
	<u>443</u>	<u>419</u>

(d) Executive directors' emoluments and pension benefits

Details of emoluments and pension benefits for the executive directors are shown in the Remuneration Report at pages 24 to 28. Details of related party transactions are shown in note 15.

(e) Redundancy Costs

During the year to March 2014, one member of staff was made redundant and two other departures were agreed at a cost of £61k.

J Harman took early retirement in April 2013, and his total retirement and exit cost was provided for in the 2012-2013 accounts.

Exit package cost band	31 March 2014			31 March 2013		
	Compulsory redundancies	Other departures agreed	Total exit packages by cost band	Compulsory redundancies	Other departures agreed	Total exit packages by cost band
Under £10,000	0	0	0	0	0	0
£10,001-£25,000	0	2	2	0	0	0
£25,001-£50,000	1	0	1	0	0	0
£285,001- £290,000	0	0	0	0	1	1
Total number of exit packages by type	<u>1</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>1</u>
Total resource cost £	<u>26,670</u>	<u>34,427</u>	<u>61,097</u>	<u>0</u>	<u>286,481</u>	<u>286,481</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

5. Property, plant and equipment

Analysis by type	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2013	150	700	236	256	1,342
Additions	0	0	3	90	93
Disposals	0	0	0	0	0
At 31 March 2014	<u>150</u>	<u>700</u>	<u>239</u>	<u>346</u>	<u>1,435</u>
Depreciation					
At 1 April 2013	0	44	180	139	363
Charge for year	0	22	16	51	89
Disposals	0	0	0	0	0
At 31 March 2014	<u>0</u>	<u>66</u>	<u>196</u>	<u>190</u>	<u>452</u>
Net book value					
At 31 March 2014	<u>150</u>	<u>634</u>	<u>43</u>	<u>156</u>	<u>983</u>

Seafish land and buildings is offices in Edinburgh. The office was surveyed and valued by Drivers Jonas Deloitte, independent Chartered Surveyors as at 31 March 2012 in accordance with the RICS Appraisal and Valuation Manual. This valuation at open market value for existing use is incorporated in Seafish accounts.

Continuing annual financial commitments in respect of short leaseholds are disclosed in note 12. Improvements, which include buildings on leased sites, are capitalised and are normally written off over the life of the leases as permitted under IAS 16.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

5. Property, plant and equipment (continued)

Analysis by type	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2012	150	700	531	321	1,702
Additions	0	0	15	103	118
Disposals	0	0	(310)	(168)	(478)
At 31 March 2013	150	700	236	256	1,342
Depreciation					
At 1 April 2012	0	22	474	292	788
Charge for year	0	22	16	15	53
Disposals	0	0	(310)	(168)	(478)
At 31 March 2013	0	44	180	139	363
Net book value					
At 31 March 2013	150	656	56	117	979

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

6. Intangible assets

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

Intangible assets comprise software licenses.

Intangible assets — software at 31 March 2013

Cost or valuation	
At 1 April 2012	243
Additions	103
Disposals	(56)
	<hr/>
At 31 March 2013	<u>290</u>
Amortisation	
At 1 April 2012	243
Charged in year	3
Disposals	(56)
	<hr/>
At 31 March 2013	<u>190</u>
	<hr/>
Net book value at 31st March 2013	<u><u>100</u></u>

7. Impairments

There were no impairments of fixed or intangible assets during the year (2013: nil).

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

8. Trade receivables and other current assets

	31 March 2014	31 March 2013
	£000	£000
Amounts falling due within one year		
Trade receivables	404	909
Provision for impairment of trade and levy receivables	(7)	(7)
Levy receivables	1,400	1769
Prepayments	131	89
Accrued Income	712	106
EU accrued income	308	787
	<u>2,948</u>	<u>3,653</u>

The above receivables include £205k (2013: £738k) being due from central government bodies.

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

	31 March 2014	31 March 2013
	£000	£000
Trade receivables		
Less than one month	196	212
More than one month less than three months	33	33
More than three months	168	657
	<u>397</u>	<u>902</u>

9. Trade payables and other current liabilities

	31 March 2014	31 March 2013
	£000	£000
Amounts falling due within one year		
Bank overdraft	0	12
Trade payables	60	216
Accruals	789	1,198
Deferred income	158	520
PAYE and social security	78	69
VAT	54	70
Corporation tax	26	31
Pensions contributions payable	40	34
	<u>1,205</u>	<u>2,150</u>

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

The above payables includes £158k (2013: £266k) being due to central government bodies.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements

(a) Information on the Schemes

West Yorkshire Pension Fund (WYPF)

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

i.) Funded

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

ii.) Unfunded: West Yorkshire Pension Fund (WYPF)

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

The latest formal triennial actuarial valuation of Seafish's liabilities took place as at 31 March 2013. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The defined benefits obligation represents the amount of money that needs to be set aside now to meet the benefits that the employer is committed to provide for service up to the 31 March 2016 on the basis of the assumptions used.

The assets shown are an estimate of Seafish's notional share of the total Fund assets as at 31 March 2014. Seafish's notional share of assets is assumed to be invested in the same proportion as the Fund as a whole within the different asset classes. Seafish employs a block building block approach in determining a rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2014.

Seafish Pension and Life Assurance Fund (SPLAF)

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

The reporting of the pension adjustments below refers to the above categories as Funded, Unfunded, and SPLAF. IAS 19 (Employee Benefits) has been revised and also requires the prior year to be restated for consistency (see note 1.14)

(b) Amounts charged to statement of comprehensive income

	Funded	Non- funded	SPLAF	Total
	2014	2014	2014	2014
	£000	£000	£000	£000
Interest cost	(1,770)	(162)	(12)	(1,944)
Expected return on plan assets	1,546	0	0	1,546
Financing income/(expense) on pension scheme assets	(224)	(162)	(12)	(398)
Current service cost	(443)	-	-	(443)
Past service cost	(93)	-	-	(93)
	<hr/>	<hr/>	<hr/>	<hr/>
Total income/(expense) recognised in profit and loss	(760)	(162)	(12)	(934)

	Funded	Non- funded	SPLAF	Total
	Restated 2013	2013	2013	Restated 2013
	£000	£000	£000	£000
Interest cost	(1,755)	(172)	(15)	(1,942)
Expected return on plan assets	1,528	-	-	1,528
Financing income/(expense) on pension scheme assets	(227)	(172)	(15)	(414)
Current service cost	(419)	-	-	(419)
Past service cost	(51)	-	-	(51)
	<hr/>	<hr/>	<hr/>	<hr/>
Total income/(expense) recognised in profit and loss	(697)	(172)	(15)	(884)

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

(c) Amounts charged to other comprehensive income

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

	Funded Restated 2013	Non- funded 2013	SPLAF 2013	Total Restated 2013
	£000	£000	£000	£000
Actuarial losses on liabilities	(3,203)	-	-	(3,203)
Remeasurement gains/(losses) on assets	3,267	(286)	9	2,990
	64	(286)	9	(213)

(d) Movements in the fair value of scheme assets

	Funded 2014	Non- funded 2014	SPLAF 2014	Total 2014
	£000	£000	£000	£000
At 1 April 2013	36,650	-	-	36,650
Expected return on scheme assets	1,546	-	-	1,546
Contributions	366	-	24	390
Remeasurement gains/(losses) on assets	(1,156)	-	-	(1,156)
Benefits/transfers paid	(1,801)	-	(24)	(1,825)
At 31 March 2014	35,605	-	-	35,605

	Funded Restated 2013	Non- funded 2013	SPLAF 2013	Total Restated 2013
	£000	£000	£000	£000
At 1 April 2012	33,167	-	-	33,167
Expected return on scheme assets	1,528	-	-	1,528
Contributions	426	-	-	426
Remeasurement gains/(losses) on assets	3,267	-	-	3,267
Benefits/transfers paid	(1,738)	-	-	(1,738)
At 31 March 2013	36,650	-	-	36,650

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

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

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

	Funded	Non- funded	SPLAF	Total
	Restated	Restated	Restated	Restated
	2013	2013	2013	2013
	£000	£000	£000	£000
At 1 April 2012	38,172	3,862	340	42,374
Current service cost	419	-	-	419
Interest cost	1,755	172	15	1,942
Contributions	130	-	-	130
Past service cost	51	-	-	51
Actuarial (gains)/losses on experience	(72)	(7)	(29)	(108)
Actuarial (gains)/losses on demographic assumptions	-	-	-	-
Actuarial (gains)/losses on financial assumptions	3,275	293	20	3,588
Benefits/transfers paid	(1,738)	(244)	(30)	(2,012)
At 31 March 2013	<u>41,992</u>	<u>4,076</u>	<u>316</u>	<u>46,384</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

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

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

	Funded	Non- funded	SPLAF	Total
	Restated			Restated
	2013	2013	2013	2013
	£000	£000	£000	£000
Deficit at the start of the year	(5,005)	(3,862)	(340)	(9,207)
Contributions paid	296	-	-	296
Current service cost	(419)	-	-	(419)
Past service cost	(51)	-	-	(51)
Actuarial losses	64	(286)	9	(213)
Interest cost	(1,755)	(172)	(15)	(1,942)
Expected return on scheme assets	1,528	-	-	1,528
Benefits/transfers paid	-	244	30	274
	<u>(5,342)</u>	<u>(4,076)</u>	<u>(316)</u>	<u>(9,734)</u>

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

(g) Assumptions

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

The most recent actuarial valuation of the fund was to March 2013. The principal assumptions used by the independent qualified actuary in updating this valuation were:

31 March 2014	Funded	Un-funded	SPLAF
Rate of inflation (RPI)	3.3%	3.2%	3.2%
Rate of inflation (CPI)	2.3%	2.2%	2.2%
Rate of increase in salaries	3.8%	N/A	N/A
Rate of increase in pensions	2.3%	2.2%	2.6%
Discount rate	4.2%	4.2%	4.1%
Mortality tables	1992 (PMA and PFA)		
31 March 2013	Funded	Un-funded	SPLAF
Rate of inflation (RPI)	3.6%	3.5%	3.5%
Rate of inflation (CPI)	2.7%	2.6%	2.6%
Rate of increase in salaries	4.6%	N/A	N/A
Rate of increase in pensions	2.7%	2.6%	2.6%
Discount rate	4.3%	4.1%	4.1%
Mortality tables	1992 (PMA and PFA)		

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

(h) Assumptions (Continued)

Scheme assets

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

31 March 2013	Funded	Un-funded	SPLAF	Total
Equities	70.9%	70.9%	N/A	70.9%
Government bonds	12.4%	12.4%	N/A	12.4%
Other bonds	6.0%	6.0%	N/A	6.0%
Property	3.3%	3.3%	N/A	3.3%
Cash / liquidity	2.9%	2.9%	N/A	2.9%
Other	4.5%	4.5%	N/A	4.5%

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

	Funded WYPF		Unfunded WYPF		SPLAF	
	31-Mar-14 years	31-Mar-13 years	31-Mar-14 years	31-Mar-13 years	31-Mar-14 years	31-Mar-13 years
Male currently aged 65	22.5	22.1	22.5	22.1	22.5	22.1
Female currently aged 65	25.4	24.3	25.4	24.3	25.4	24.3
Male currently aged 45	24.7	23.9	n/a	n/a	n/a	n/a
Female currently aged 45	27.7	26.2	n/a	n/a	n/a	n/a

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

10. Pension scheme arrangements (continued)

(i) Sensitivity Analysis

IAS 1 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in Assumption	Approximate % increase in employer liability	Approximate monetary amount (£'000)
0.1% decrease in discount rate	1.5%	627
One year increase in member life expectancy	2.5%	1,056
0.1% increase in salary increase rate	0.2%	83
0.1% increase in pension increase rate	1.3%	543

(j) Maturity Profile

The expected cash outlay required to meet defined obligations as they arise over the next 10 years, are:

	Funded WYPF	Unfunded WYPF	SPLAF
	£000	£000	£000
Expected benefit payments made during 2014/15	1,842	0	25
Expected benefit payments made during 2015/16	1,885	0	25
Expected benefit payments made during 2016/17	1,928	0	26
Expected benefit payments made during 2017/18	1,973	0	26
Expected benefit payments made during 2018/19	2,018	0	27
Expected benefit payments 2019/20 to 2023/24	10,807	0	143

11. Events after the reporting date

Issue of accounts

In accordance with the requirements of IAS 10, events after 31 March 2014 are considered up to the date on which the accounts are authorised for issue. The authorised for issue date is the date of the Comptroller and Auditor General's audit report.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

12. Commitments under leases

Operating Leases

Total future minimum lease payments under operating leases are given in the table below analysed according to the period in which the lease expires.

	2014	2013
	£000	£000
Buildings:		
Not later than one year	104	94
Later than one year and not later than five years	307	360
Later than five years	45	0
	<u>456</u>	<u>454</u>
Other:		
Not later than one year	141	97
Later than one year and not later than five years	287	179
Later than five years	0	0
	<u>428</u>	<u>276</u>

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

13. Financial instruments

IAS 32, 39 and IFRS 7 Financial Instruments require disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Seafish has no borrowings and relies primarily on levy for its cash requirements and is therefore not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing Seafish in undertaking their activities. The following paragraphs provide an overview of the major financial risks for Seafish and how they are managed at the individual level.

Liquidity risk

Seafish has no borrowings and relies primarily on levy for its cash requirements and is therefore not exposed to any significant liquidity risks.

Interest rate risk

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

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

13. Financial instruments (continued)

Credit risk

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

Foreign currency risk

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

Fair values

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

14. Cash and cash equivalents

	31 March 2014	31 March 2013
	£000	£000
Balance at 1 April	9,532	8,867
Net change in cash and cash equivalent balances	1,355	665
Balance at 31 March	<u>10,887</u>	<u>9,532</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	22	1,440
Short term investments	10,865	8,092
Balance at 31 March	<u>10,887</u>	<u>9,532</u>

The short term investments represent funds placed on fixed deposits for between 30 and 95 days.

**THE SEA FISH INDUSTRY AUTHORITY
NOTES TO ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014**

15. Related party transactions

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

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

Seafish was involved in the following related party transactions during the year. All payments were made by 31 March 2014 unless otherwise stated:

Deputy Chair Ms J Ryder is:

- A director of Marine Management Organisation from whom Seafish received £481,263.32.

Board Member Mr P Hajipieris is:

- A director of Birds Eye Iglo Limited from whom Seafish received £312,116.60.

Board Member Mr M Park is:

- A director of Scottish Fishermen's Federation Services which was paid £5,811.74 by Seafish.
- A director of Scottish White Fish Producers Association Limited which was paid £3,347.30 by Seafish.

Board Member Mr J Wilson is:

- A partner of Deepdock Ltd from whom Seafish received £3,204.94.
- A director of the Shellfish Association of Great Britain which was paid £6,940 by Seafish.

ISBN 978-1-4741-1273-4



9 781474 112734