



# **The Sea Fish Industry Authority Annual Report and Accounts 2011/2012**

# **The Sea Fish Industry Authority**

## **ANNUAL REPORT & ACCOUNTS 2011/2012**

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

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# **THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

## **History and statutory background**

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

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

## **Principal activities**

Seafish 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.

## **Business review and future developments**

The statement of comprehensive net expenditure is set out on page 29 of the accounts. The comprehensive net expenditure for the year, after taxation, amounted to £2.4m (2011 net income £14.8m).

A detailed Management Commentary is set out at pages 7 to 18. The Management Commentary contains a financial review of the activities undertaken by Seafish during 2011/12 and information on future developments.

## **Political and charitable donations**

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

## **Union recognition**

During the year, the number of staff who were members of the union, Unite, exceeded 50%, and as a result Seafish formally recognises that body.

# **THE SEA FISH INDUSTRY AUTHORITY DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012**

## **Recent background – Supreme Court judgment**

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

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

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

## **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 2011/12 was 4 days (2010/11 – 2 days) per person.

## **Employee involvement**

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

## **Payment of creditors**

Seafish aims to comply with the Better Payments Practice Code. Seafish policy is to pay creditors' accounts by the due date specified under each creditor's terms of payment, unless under dispute. At the 31 March 2012, £547k was owed to trade creditors representing 55 days purchases outstanding (2011 – 31 days). The number of days outstanding has increased significantly due to £307k of purchases not invoiced by suppliers at the year end.

## **Pension liabilities**

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The WYPF scheme has a deficit at 31 March 2012 of £8.867m (2011: deficit of £4.088m). From 1 April 2006, the WYPF scheme has not been offered to new members of staff. New starters now are offered a defined contribution scheme administered by the Legal & General Group. In addition to the WYPF, Seafish has a liability for a scheme on behalf of former Herring Industry Board employees, The Sea Fish Industry Pension and Life Assurance Fund (SPLAF). At 31 March 2012 the liability for SPLAF was £340k (2011 - £321k). Details for both schemes are shown at note 13 of the accounts.

**THE SEA FISH INDUSTRY AUTHORITY  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**Board members**

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

Independent:	Mr. J. S. Whitehead OBE (Chairman) Prof. M. Kaiser Mr. P.W. Kerr Mr C Pomfret
Industry:	Mrs. L. Cross Mr. Q. Clark Mr. I. M. MacSween OBE (Retired December 2011) Mr. O. Norgaard Mr. M. Park Mr. M. Parker Mr. A. West MBE Mr. J. Wilson

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

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

**Board members' responsibilities**

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

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

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

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

**THE SEA FISH INDUSTRY AUTHORITY  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**Management**


The management of Seafish comprised the following Executive Directors during 2011/12:

Dr P. Williams (Chief Executive)  
Dr. J. Harman (Development Director)  
Mrs J. Anderson (Finance Director) – Appointed 13 May 2011  
Mr. J. G. Campbell (Finance Director) – Resigned 13 May 2011

**Auditors**

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2011/12 is £35k. There was no non statutory audit work.

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.



**J S Whitehead – Chairman  
11<sup>th</sup> December 2012**



**P Williams – Chief Executive  
11<sup>th</sup> December 2012**



# THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY FOR THE YEAR ENDED 31 MARCH 2012

## Introduction

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

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

Our annual income has consistently been around £10 million in recent years, with approximately 80% of this obtained from levy and the remainder from grant funding and consultancy work.

## Performance – 2011/12

### Theme updates 2011/2012 Annual Report

After extensive consultation with industry, the structure of Seafish was revised to reflect the core themes that we work on. The key themes which guide our work (and as identified in our document 'Serving the Seafood Industry 2010 – 2013') are:

1. **Information:** supporting business decisions
2. **Safety:** creating a safer working environment at sea
3. **Environment:** protecting the environment at sea and on land
4. **Regulation:** understanding, interpreting and responding to legislation
5. **Standards:** supporting quality and efficiency standards
6. **Consumers:** becoming the authoritative voice on seafood
7. **Health:** promoting health benefits to consumers via experts

Despite the constraints that the ongoing court case imposed on our plans for part of the year, work continued and progress was made against all of the themes.

### Updates on key themes:

#### Theme 1: Information

The aim of this theme is to respond to information requests, identify information gaps and then provide industry with easy access to answers and expert insight to make improved business decisions.

- Our staff responded to 2,155 enquiries from industry - from simple requests for basic data to detailed requests for our expert advice, guidance and consultancy services.

*".....The value of the information that Bill Lart put together can be valued in two ways, the actual document if we had asked a consultant to prepare it could have cost as much as £3,500, but the real value is the information on local sustainable species*

## THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

*on which we are now focused. We are expecting to buy increased amounts next year which will increase our fish purchases to £1.9m and our turnover will rise from £7.1m to £8.5m.”*

- We added 121 publications to our website, including:
  - 34 Technical Reports and Factsheets
  - 38 Summaries of Key Information and Issues
  - 11 Responses to Legislation Consultations
  - 29 Newsletters and e-Alerts
  - 9 Minutes of Meetings

Other notable projects include:

- Running various ‘issues’ groups as forums for discussing topical industry issues. These include the Discard Action, Common Language and Aquaculture Common Issues Groups
- Providing information on stock assessments including responsible sourcing guides for 34 wild caught and 3 farmed species, and providing comparisons of how Total Allowable Catches agreed by the EU Fisheries Council compared with International Council for the Explorations of Seas (ICES) scientific advice.
- Working closely with the International Council for Exploration of the Seas (ICES) on ‘data poor’ fish species, to assist in the scientific understanding of species and stocks which do not have full assessments.
- Approving 12 projects under the Seafish Industry Project Fund to the value of £600k. The various projects completed during this year have included helping to raise awareness about the health benefits of seafood; carrying out a nutritional analysis of nephrops and compiling a fact sheet; part funding the Native Oyster workshop that was hosted by SAGB; part sponsoring the 2011 British Fishcraft Championships

*“.....Seafish’s response enabled me to take decisions which should be very beneficial to my business, in terms of both reducing costs and achieving extra revenue.”*

### Theme 2: Safety

Seafish is uniquely placed to help reduce accidents at sea working in partnership with the fishing industry, the Maritime & Coastguard Agency (MCA) and the Marine Accident and Investigation Branch of the Department for Transport.

The Safety theme aims to create a safer working environment at sea for fishermen by enhancing services provided by Seafish and the reducing costs of this service to levy payers.

- We launched new improved versions of our basic safety training courses for fishermen. Our Basic Sea Survival and Basic First Aid courses are now recognised by MCA as equivalent to those required under the international convention on Standards of Training and Certification for Watchkeepers (STCW-95). Not only does this give fishermen worldwide recognition for their training, but it also opens up opportunities for fishermen to work in other maritime industries.
- We developed a Damage Control Kit and accompanying seminar, which won the ‘Training Award’ at The 2011 International Safety at Sea Awards. Developed with support from the MCA and specialist insurers The Shipowners’ Mutual Protection and Indemnity Association. This provides fishermen with the skills and tools to keep a vessel afloat in an emergency.

# THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

## Theme 2: Safety (continued)

- In September 2011 we commenced delivery of a two-year £1.1m refresher safety training project, funded by Seafish, the European Fisheries Fund, the MCA, Seafarers UK, Trinity House and the Scottish Fishermen's Trust. This project will deliver 7,200 free training places by September 2014, enabling experienced fishermen to voluntarily update their safety knowledge and skills.
- In October 2011 we commenced a £323k new entrant training project, funded by Seafish and the European Fisheries Fund. The project will deliver twenty 3-week 'Introduction to Commercial Fishing' courses throughout the UK by September 2012, providing a safety induction for up to 320 new entrants to the fishing industry.
- After additional funding from the Maritime & Coastguard Agency, we were able to continue subsidising training for experienced fishermen to work towards the Seafish Under 16.5m Skipper's Certificate. Over 2,200 fishermen have now attended training towards this voluntary qualification. We were also able to provide grants of up to £1,000 to 28 fishermen undertaking MCA (Fishing Vessel) Deck and Engineer Officer Certificates of Competency.
- Our network of 18 Approved Training Providers delivered 980 Seafish certificated and/or Seafish funded training courses, providing 8,147 training places for fishermen and 10,538 days training.
- 793 new users signed up to our Seafish 'e-Academy' – a free online learning resource. This brings to over 1,900 the number of registered users. There were 3,381 log-ins by fishermen undertaking learning.

*As a direct result of the Seafish First Aid training delivered by Lachie Paterson from FITA, Mark Sheldrick, skipper of MFV Blue Angel, saved the life of his crewman who was dragged overboard by creels. He and his crew have made changes to the vessel as a result, using the Seafish safety folder for guidance. Mark also agreed that refresher training was a good idea so he and his crew will be attending the new Seafish refresher courses, in particular the Safety Awareness course which teaches fishermen to design their own unique safety management systems.*

## Theme 3: Environment

Our Environment theme has three main strands of work:

1. Spatial protection (of existing and future fishing & cultivation grounds).
2. Reducing the environmental impact of fishing, cultivation and onshore processing.
3. Reducing the impact of poor water quality on aquaculture.

The following highlights illustrate work undertaken across all three strands over the past 12 months, in line with our overall objective to help the seafood industry become more environmentally aware and therefore sustainable for the long term.

- In collaboration with Swansea and Heriot-Watt Universities, we implemented studies to illustrate the value of involving fishermen in the collection of scientific information to better understand the marine environment, particularly in marine protected areas. Two projects involved fishermen in a study of the health of lobsters in Lundy Marine Conservation Zone (MCZ) and planning an investigation into the societal benefits of horse mussel beds in May 2012.

**THE SEA FISH INDUSTRY AUTHORITY  
MANAGEMENT COMMENTARY (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

Theme 3: Environment (continued)

- Working with industry, we secured £100k from the European Fisheries Fund to show how fishermen can derive an income stream from marine protected area (MPA) monitoring.
- Through collaboration with Universities and the statutory nature conservation agencies we have helped industry inform environmental assessments of new and existing fisheries and aquaculture, particularly in relation to plans for new MPAs around the UK. Our work is helping to inform the development of MPAs and support the commercial interests of fishermen in the new zones, such as by reducing the necessity for buffer zones; understanding acceptable fishing pressures and adopting adaptive management techniques.
- Significant progress has been made in brokering arrangements between water companies and the shellfish harvesting sector. For instance, developing plans to provide real-time warnings of potential reductions in coastal water quality. We have also brought together stakeholders in a forum on water quality for the area from the Humber to the Thames. Seafish will chair this group.
- Support has been provided to the SAGB in the form of technical advice on norovirus and associated scientific and policy developments.
- We completed Gear Technology Training with two courses (one in England and one in Scotland) – both of which are unique in the EU. The courses provide a high level of training to give fishermen better understanding of the gear they use and the alterations they can make to it to improve its efficiency and reduce discards. 12 participants attended 2 courses at Hirtshals flume tank.
- In conjunction with Marine Scotland and the Scottish EFF, Seafish supported a successful project to develop and trial a plastic flexible grid to enable fishermen to retain higher value fish caught as bycatch whilst minimizing unwanted bycatch of cod. This is similar to an existing Swedish technology, but easier for fishermen to deploy. It is estimated that deployment of the new grid could be worth over £2 million to the Scottish Nephrops industry in terms of reducing lost income.
- A similar 6 month grid trial project in Northern Ireland has been conducted to examine 5 alternative selective devices to the Swedish grid – again with the aim of finding a device with similar selective properties but which is easier to handle. The value of the potential saving to the Northern Irish Nephrops industry is estimated as being in excess of £1.5 million per annum.
- Seafish attended the key ‘Scottish Skipper’, and ‘Fishing 2012’ exhibitions in Aberdeen and Glasgow, at which we handled around 500 requests for information and advice from industry delegates.
- Seafish has co-operated with the Norwegian research group, Sintef, to initiate a European Fisheries Technology Centre at Hirtshals in Denmark. The aim of this project is to create a European ‘hub’ for industry collaboration on the development of fisheries gear technology. The first meeting in Denmark was attended by 40 delegates from across Europe. Seafish gear technologists will play a lead role in this group in the future.
- We supplied relevant and accurate underwater video footage of the use of fishing gear to inform a number of TV productions during the year (including The Fisherman’s Apprentice; BBC Alba’s ‘Three Girls on a Trawler’ and Hugh’s Fish Fight).

# THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

## Theme 3: Environment (continued)

- Seafish developed a series of six informative centre-page articles on discards and the practical application of discard devices which were published in lead industry newspaper, Fishing News, during autumn 2011.

*“Congratulations on a writing an excellent article for last week’s Fishing News, about selectivity options. I look forward to next week’s instalment covering grids....Please keep up the good work and call on me if I can be of any assistance. We would be happy to provide financial sponsorship for the use of grids if this would help the cause.”*

## Theme 4: Regulation

Through the Regulation theme, Seafish aims to represent industry and facilitate dialogue with legislators and other food and drink industry bodies. The intention is to positively influence the regulatory process by providing regulators with accurate industry data and to foster a legislative environment in which the seafood industry’s views are considered and acted upon.

- Seafish achieved changes to legislation so that farmed fish is now exempt from the requirement to freeze for inactivation of parasites. Without this change, all fish intended to be eaten raw (such as cold smoked) would have had to be frozen prior to smoking - even though there has never been a health issue with parasites in these products.
- Seafish secured the removal of mandatory origin labelling for processed fish products - viewed as an unnecessary extension of the current rules.
- Our recommendation for testing on pesticides was accepted by the Pesticide Residue Committee. This prevented a potential disruption of the UK’s mackerel trade by giving the Russian authorities the safety assurances they needed to allow the continued import of mackerel from the UK.
- We provided information to HMRC on potential difficulties with proposed Rules of Origin certification. The regime would have put the burden of proof on whether a declared origin was correct on the importer – who is not in a position to know. European legislation has subsequently been delayed until 2017 whilst a solution is agreed.
- We provided information on industry Inward Processing Relief (IPR) – firstly on the potential for HMRC ‘over-interpretation’ of European legislation and secondly on the UK pelagic industry. As a result IPR applications are being processed more smoothly, and work is continuing to reduce the administrative burden further.
- Seafish secured the removal of a proposal which would have required aquaculture markers to apply for a license. Without this change a licence would be needed for every marker placed
- We secured Competent Authority agreement to retain the important guidance values that relate to microbial standards contained in the Shellfish Waters Directive (due for repeal next year). Without these guidance values there could have been a possible loss of shellfish harvesting grounds.
- Seafish raised a concern with the Advertising Standards Authority which prevented vegetarian ‘fish’ style products from using misinformation about fish in marketing materials. We also prevented such products from using misinformation about fish stocks and environmental impacts of fishing to promote their products.

# THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

## Theme 4: Regulation (continued)

- Seafish set up a Food Labelling and Standards expert group to advise Government on interpretation and guidance so that all businesses must follow the same rules. This will allow direct input into legal interpretation of legislation as well as resolving some of the enforcement difficulties we currently experience.

*“In this fast moving world we seldom have the opportunity to say farewell, never mind thanking you all very much for all the help and assistance with the organisation of the legislation updates to the industry. Having been a member of this group of experts it’s a sad reality that I’ll have to say goodbye and many thanks to all of its esteemed members. I think we achieved a lot and have received tremendous accolades from throughout the industry for a job well done.”*

## Theme 5: Standards

This theme is directed to helping industry develop new operating standards as well as reviewing existing international and local standards to ensure they are relevant and meaningful. A key priority is also to support industry efforts to eradicate Illegal, Unreported and Unregulated (IUU) fishing.

Our activity within the Standards theme falls into three main work streams: Certification, Onshore Training (i.e. training in areas not directly related to fishing) and our Responsible Fishing Scheme.

In Certification, we:

- Provided input into the development a new SALSA HACCP training course.
- Delivered training seminars for 40 industry delegates to help them understand the BRC Issue 5 to Issue 6 Global Standard for Food Safety.
- Launched a new Seafood Certification Network, which has already brought together more than 30 participants from within the seafood industry.

*“A quick note of thanks for hosting the SALSA CPD yesterday, I have spoken to Helen this morning and believe the day was very constructive with a lot of valuable feedback which will be valuable to the enhancement of the Scheme. Helen expressed her thanks to you and commented that the facilities were excellent.”*

For Onshore Training:

- We delivered of 2,321 qualifications to trainees in the onshore sectors of the seafood industry.
- After 15 years of Seafish providing operative level vocational qualifications, in 2011 we saw for the first time national availability of management level fish and shellfish qualifications. Accredited on the national framework for England, Wales and Northern Ireland, the six new Vocationally Related Qualifications are; quality assessment, product knowledge, fish mongering, seafood smoking, bivalve purification and fish frying. These new VRQs are supported by advanced training programmes developed by Seafish and delivered by our network of approved training providers.

*“For what it’s worth, my instructor Isobel Torbet thinks the original version of the updated course is great. She went to the instructor training event in Aberdeen and enjoyed it, as well as learning about the course from those who had helped devise it”*

# THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

## Theme 5: Standards (continued)

Seafish's Responsible Fishing Scheme (RFS) was first launched by May 2006 and is an independent, audited assessment of the application of good practice by a vessel skipper and crew in their fishing operations. It aims to raise standards in the catching sector and meet the needs of the seafood supply chain by providing tangible evidence and a practical demonstration of fishermen's commitment to the responsible sourcing of seafood. Key RFS milestones during the year were:

- Tendering of a contract for RFS certification audit delivery and the appointment of new auditors: Global Trust Certification.
- A strategic steering group meeting and technical review group meeting were set up to help map the future direction of the RFS and assist the development of a revised "in house" RFS standard. We have subsequently begun to draft revised and updated standards for the scheme.
- Production of a series of multi audience multi-lingual leaflets to promote the RFS.
- We secured sponsorship funding from the insurance industry to encourage new vessels to enter the scheme and also secured insurance premium discounts for RFS member vessels.
- The RFS team are now representing the UK seafood industry on ISO working group committees which are working on the development of traceability standards for shellfish and bivalve molluscs.

*"...I have seen you on Jersey TV last week - not many channel islands skippers on the under-15m skippers Facebook page seem to know about the RFS, but they definitely saw the TV plug!..."*

## Themes 6 and 7: Consumers and Health

After working for a number of years on Consumers and Health as two separate themes, it became increasingly clear that the audiences and aims of each were inextricably linked. Furthermore, our research also showed that promoting the health messages about seafood did not directly result in consumers buying more fish or increasing their seafood intake.

We therefore took the decision to merge the two themes and structure our activity around an educational approach which to cost-effectively target specific audiences - particularly mums as gatekeepers of family mealtimes.

In October 2011 we launched a new 'Fish is the Dish' (FitD) initiative targeting mums and with a focus on the message that 'fish is easy' to add more often to family meals. This initiative was developed as the result of a significant body of research with consumers which identified both the target market and messages to deliver.

Fish is the Dish is a social media/digital campaign which seeks to harness the power of peer to peer communication - identified by both practitioners and Government as the most effective means of effecting behavioural change. It focuses on basic cooking skills, tips and recipe inspiration and has particularly involved influential online bloggers as a route to getting messages to our key target audience.

Despite a low budget and low key launch in October 2011, by the following December *Fish is the Dish* had reached over 140,000 consumers (twice as many as anticipated by that early stage) and was ranked in the UK's top 10 'Most Talked About' blogging campaign by the Tots 100 Brand Index alongside major commercial brands such as Tesco, LEGO and John Lewis.

# THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

## Themes 6 and 7: Consumers and Health (continued)

This should be taken in the context of the Cabinet Office restriction on any marketing or advertising spend. The 'Fish is the Dish' initiative received clearance to proceed in a limited format in mid-July. In addition, we successfully received approval to proceed with a regional road show for 'Fish is the Dish' planned to span summer 2012.

*"I have been working with Jo Dunlop & Karen Galloway on the Fish is the Dish campaign and its spot on... When we first talked about doing this, it was apparent that this had huge potential and we are now seeing just how powerful this could be... I've been following the developments on the Twitter, Facebook and the blogs, and I have to say that the bloggers are really embracing this..."*

*"The Fish is the dish campaign has been a real talking point for some of our most popular and influential bloggers in recent months"*

## **Financial position at 31 March 2012**

### Overview of the total comprehensive net expenditure

The total comprehensive net expenditure for the year was £2.4m as opposed to a net income of £14.8m in the year to 31 March 2011. The main reason for this £17.2m reduction in income was that there was an overall loss of £5.7m in respect of pensions as opposed to a gain in 2010-11 of £11.1m.

Other factors affecting the net position were:-

- Staff costs reduced by £549k to £2.5m. Average number of total staff employed reduced by 10 to 72.
- Other expenditure increased by £643k to £3.6m. This rise in expenditure was generally a reflection of the increased activities following the successful judgement from the Supreme Court in June 2012.
- Income reduced by £988k, comprising; a reduction in levy income of £270k due to the economic climate; a reduction EU income of £540k which was a delayed reaction to Seafish not being able to apply for grant funding whilst in care and maintenance in the previous year; and other income reduced by £178k.

### Pension costs

The Board takes professional advice from Aon Hewitt about the costs of providing final salary based pension benefits both to current and former staff as although the scheme was closed to new entrants in 2006 there is a long term liability for those employed before that date. The next triennial actuarial valuation of the Fund is as at 31 March 2013.

## **Current and future trends and developments**

### Financial exposure

The pension liability has increased by £4.516m, and the Board has noted this change. The Board has taken steps to increase pension contributions above the minimum rate required by WYPF over the last five years and is confident it is taking prudent and proper action to mitigate further cash exposure to this continuing and complex liability. In taking this action the Board remains very aware that the corporate priority remains to invest levy income each year to benefit the entire industry.



## **THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012**

The Board is aware of the extraordinary circumstances underlying the pension deficit: it is based on asset values from the stock markets at one point in time and changing actuarial assumptions on the life expectancy of scheme members. Nevertheless, the impact of the pension deficit is considered regularly and in detail, and has been discussed openly with Defra as our lead sponsoring administration with responsibility for co-ordination with the other sponsoring UK fisheries administrations.

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk.

Seafish land and buildings constitute our Edinburgh office. This was surveyed and valued by independent Chartered Surveyors as at 31 March 2012, in accordance with the RICS Appraisal and Valuation Manual. The valuation was £850k and this value is incorporated in these accounts.

### Risks and uncertainties

Risks remain even now that the Supreme Court has agreed the legality of levy on imports. Seafish has been collecting levy retrospectively for the period between Appeal and Supreme Court judgments.

However, it is clear that recent trading conditions have been difficult and some businesses within the industry are finding it tough. In situations where companies are facing financial difficulties Seafish has been working closely with them to ensure the required back levy is collected in a way that is amicable to both parties. The majority of back levy has now been collected mitigating this risk significantly.

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

### Seafood market trends

In 2011/12 the challenges that faced the Global economy remained. In 2011 the value of the UK retail seafood market grew by 4.3% whilst volume fell by -1.2%. This price-driven growth reflects significant increases in the cost of seafood as well as that of food in general.

The average price of seafood grew by 5.5% with chilled price increases higher than frozen. The ambient sector saw the highest price increase of over 12%, compared to the average UK food inflation of 5.3% (IRI). Products showing sales growth have tended to be prepared seafood such as fish cakes, fish fingers and coated products.

Prices of staple species, salmon, tuna and prawns have strengthened due to brisk demand and limited supply. Salmon in particular saw record wholesale prices as a result of the Infectious Salmon Anemia (ISA), a yet-to-be-contained fish virus that was first detected in Chilean waters in July 2011, but prices have more recently returned to normal as supply levels increase. Reduced catches and a shift to more sustainable fishing methods have kept tuna prices high.

The indications for 2012 are that in the main, prices across the board will continue to firm as demand continues to increase particularly from emerging markets such as China, Russia and Brazil.

Sustainability issues continue to influence producer activity, with over half a million tonnes of Norwegian cod and haddock due to become eligible for MSC status and John West having committed to source 25% of UK tuna by pole and line.

# **THE SEA FISH INDUSTRY AUTHORITY MANAGEMENT COMMENTARY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012**

## Future strategic direction

With the Supreme Court Challenge to our future now resolved, and having been given a firm mandate by industry following the extensive discussion in the autumn of 2011, Seafish has set about changing the way it operates to ensure it delivers genuine value back to the industry it supports. We have restructured our Board and recruited three Sectoral panels (Domestic, Importer, Supply Chain) with members drawn from industry. The primary role of these panels is to review the work streams we propose and agree budgets for implementing them. After receiving industry endorsement through the Defra-led consultations, it was clearly vital that industry should get involved more directly with Seafish and the panels are a direct way of enabling industry to influence our future direction.

Part of that direction will be to ensure that Seafish continues its UK wide remit through a regionalised program of delivery. Industry indicated no appetite for breaking Seafish up into separate nationalised bodies, instead the future focus is very much on transparency and understanding who are the Seafish decision-makers and how priorities are determined.

Those priorities have been given some shape by these discussions, with a clear split developing, between the Catching sector (which asked Seafish to prioritise Safety as a key work stream) whilst Processors wanted us to focus on the consumer and building insight and knowledge of this audience into our work. Both of those streams will therefore form part of our delivery plans for the next 18 months as well as seeking generally to enhance industry reputation across all areas.

The first Panels meet in late June 2012 in order to review the proposed work plans and agree budgets for October onwards. Our entire focus in that time will be to ensure that all our work has clear outcomes and that it delivers added value to levy spent for the fishing industry.

## How well are we performing?

As previously noted, Seafish operations during 2011 were severely curtailed due to the financial constraints introduced as a consequence of the Appeal Court ruling in March 2010. This challenging operational climate resulted in a significant loss of income to Seafish, which impacted on projects, personnel and services across all areas of our organisation during that time.

After 16 months of uncertainty, the Supreme Court finally ruled in favour of Defra (and therefore Seafish) allowing us to resume the collection of levy and begin rebuilding operations to support the industry. This Supreme Court ruling, followed by an endorsement from industry in the 'Discussion Process' which followed, has given Seafish the impetus for a new beginning.

It is against this background that Seafish now faces the future, and we do so positively with renewed vigour and collective ambition for the task that lies ahead. Seafish looks forward to working with the industry to move forward with activities focused on our key priority issues: safety, environment, regulation, standards and consumers and health.

The work of the Board and Panels will ensure industry has direct input into our projects and initiatives, which in turn will be supported by a three year strategy planned for launch in October. When the component parts of our strategic outlook and new direction are combined, the industry should have confidence in our ability to deliver increased value for them.

We are already beginning to see examples of the positive impact that our work can have on the national and international stage. Through the our Marketing team's 'Fish is the Dish' campaign we have this year reached over 140,000 consumers and ranked alongside the likes of Tesco, LEGO and John Lewis in the Tots 100 Brand index (UK parents blogs).

Our Economics team has established the UK Fisheries Economic Network (UKFEN), a group of around 40 expert economists and analysts working with business data and issues in the seafood industry. Our Legislation team continues to keep the industry up-to-date with the latest proposals

**THE SEA FISH INDUSTRY AUTHORITY  
MANAGEMENT COMMENTARY (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

affecting them and has successfully tackled issues such as the mislabelling of food through the Advertising Standards Authority to safeguard reputation and prevent misinformation.

The Seafish Environment team is constantly in demand for expert comment and is a major UK contributor to industry developments tackling all levels on the theme of sustainability. We continue to work collaboratively on key issues through our three pan-industry working groups: Discard Action Group; Aquaculture Common Issues; Common Language Group, all of whom have seen increased memberships and continue to receive a strong endorsement from across the seafood industry.

Up and coming projects include our funding of a project in conjunction with the Environmental Justice Foundation (EJF) as it seeks to eliminate IUU practices in African fisheries. A re-launched on-line training academy has been attracting improved numbers since its inception; a project with the MSC works towards possible MSC accreditation of all UK inshore fisheries and we are contributing significantly to the ongoing European Common Fisheries Reform debate. These are all tasters of what is on the horizon in coming months.

In summary

The central objective of all our projects and initiatives is to help support a sustainable and profitable fishing industry. In carrying out our work, Seafish needs to ensure that outcomes are clearly linked to achieving this over-arching objective, but also that in doing so we communicate our achievements to industry and other stakeholder groups.

If we can align our activity and our communications clearly and demonstrate progress in the areas that industry sees as priority, then we believe we have a successful future ahead of us.

On behalf of the Board, we would like to express our sincere thanks to Seafish levy payers, colleagues in the Sponsoring departments and Seafish staff for their support during the past twelve months.



**J S Whitehead – Chairman**  
11<sup>th</sup> December 2012



**P Williams – Chief Executive**  
11<sup>th</sup> December 2012

## **THE SEA FISH INDUSTRY AUTHORITY REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2012**

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

The Committee comprises four members, all of whom are non-executive Board Members of Seafish and is chaired by the Deputy Chairman. Members during the year to 31 March 2012 were Mr J. S. Whitehead (Chairman), Mr Q. Clark, Mr M. Parker and Mr A West. Meetings are normally held not less than twice a year and minutes are taken at all meetings. However, due to the pay constraints imposed on the organisation, the committee only met once during the year.

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

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

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

### **Emoluments of Board Members**

The remuneration relating to all Directors in post in 2011/12 is detailed in the tables below. The information in the tables below represents the part of the Remuneration Report to be audited, as referred to in the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament.

**THE SEA FISH INDUSTRY AUTHORITY  
REMUNERATION REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**Non-executive Directors**

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

Name and Title	2011-12	2010-11	Date of Appointment/Re-appointment	Appointment Ends
	Salary in £5k bands £000	Salary in £5k bands £000		
J S Whitehead OBE Chairman(Deputy Chairman 2011)	50-55	45-50	1/4/09	31/12/12
M Kaiser Deputy Chairman (Independent Member 2011)	15-20	10-15	1/4/11	31/3/12
L Cross Industry Member	5-10	5-10	1/4/08	31/3/12
I M MacSween OBE Industry Member	5-10	5-10	1/7/10	31/12/11
O Norgaard Industry Member	5-10	5-10	1/5/09	31/3/12
M Park Industry Member	5-10	5-10	1/7/10	31/3/12
M Parker Industry Member	5-10	5-10	1/5/09	31/3/12
A West MBE Industry Member	5-10	5-10	1/4/09	31/3/12
C Pomfret Independent Member	5-10	0-5	3/12/10	31/3/12
Q Clark Industry Member	5-10	5-10	14/4/09	31/3/12
J Wilson Industry Member	5-10	5-10	14/4/09	31/3/12
P Kerr Independent Member	5-10	5-10	15/6/09	31/3/12

Non-executive directors receive no other benefits or benefits in kind from this appointment. The remuneration of non-executive directors is paid directly by Defra.

**THE SEA FISH INDUSTRY AUTHORITY  
REMUNERATION REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**Executive Directors' Emoluments**

Name and Title	2011-12		2010-11		Date of Contract Commencing	Contract Ended
	Salary in £5k bands £'000	Benefits in Kind (rounded to the nearest £100) £'000	Salary in £5k bands £'000	Benefits in Kind (rounded to the nearest £100) £'000		
P Williams Chief Executive/ (Research Director to 1/10/2010) Pay increase due to new role.	90-95	2.7	80-85	2.5	01/10/2010	-
J Harman Development Director	75-80	4.7	75-80	7.7	02/01/2003	-
Mrs J Anderson Finance Director (FTE £70k)	55-60	0.4	-	-	13/05/2011	-
J Campbell Finance Director	5-10	0.5	50-55	4.6	05/09/2008	13/05/2011
J Rutherford Chief Executive Executive	-	-	50-55	3.5	01/02/2001	30/09/2010

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

**Executive Directors' Pension Benefits**

Name and Title	Real Increase in pension at age 60 (bands of £2,500) £000	Real Decrease in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2012 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Real Increase in Cash Equivalent Transfer Value £000
P Williams Chief Executive/ Research Director	0-2.5	0-2.5 decrease	10-15	10-15	163	126	31
J Harman Development Director	0-2.5	0-2.5 decrease	10-15	15-20	167	143	17
J Campbell Finance Director	0-2.5 decrease	0-2.5 decrease	5-10	5-10	59	47	9

A contribution of £3.5k was made to Mrs J Anderson's money purchase pension scheme during the year.

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

**THE SEA FISH INDUSTRY AUTHORITY  
REMUNERATION REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

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

The salary of the most highly paid director in Seafish in 2010/11 was £85,415. This was 2.8 times the median salary of the workforce, which was £30,633.

The salary of the most highly paid director in Seafish in 2011/12 was £90,406. This was 2.9 times the median salary of the workforce, which was £30,760.

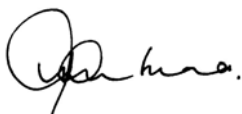
In 2011/12 no employee (2010/11 – 0) received remuneration in excess of the highest paid director. Remuneration ranged from £1,724 to £90,406 (2010/11: £2,125 to £84,515).

**Cash Equivalent Transfer Value**

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

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

All executive directors are ordinary members of the West Yorkshire Pension Fund, a local government pension scheme of which Seafish is an admitted body as described at notes 1 and 13.



**J S Whitehead – Chairman**  
11<sup>th</sup> December 2012



**P Williams – Chief Executive**  
11<sup>th</sup> December 2012

## **THE SEA FISH INDUSTRY AUTHORITY STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2012**

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 for Defra 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; and
- prepare the accounts on a going concern basis unless it is deemed inappropriate.

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



# THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

As accounting officer, I have the responsibility to manage and control the resources used in the organisation. The governance statement, a key feature of the organisation's annual report and accounts, manifests how these duties have been carried out in the course of the year. It encompasses discussion of both corporate governance and risk management.

## THE GOVERNANCE FRAMEWORK OF THE ORGANISATION

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Seafish policies, aims and objectives, whilst safeguarding the public funds and Seafish assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*, issued by HM Treasury.

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

Seafish employs Baker Tilly to provide its internal audit function. Internal audit activity is targeted at areas where there are considered to be risks, financial or non-financial, and where there are potential weaknesses in internal control procedures. The areas reviewed will be dependent upon the level of identified risk.

The governance structure of Seafish comprises:-

### 1. THE BOARD

As stated in the directors' report on page 5, there were 12 non-executive Board Members during the year, 4 of whom were independent members, and the remaining 8 were from the sea fish industry. The board met 7 times during the year, and all meetings were properly conducted and minuted. The Chief Executive and two executive directors attend and participate fully in all board meetings.

A reduced board of 9 was appointed by Fisheries Ministers with effect from 1 April 2012, with 4 of the outgoing board members continuing in office or reappointed. The outgoing board did not self-assess its performance for the year, but the performance of the individual members was assessed by the Chairman. The new board has plans in place to carry out a self-assessment once a year.

### BOARD MEETINGS

The attendance records for Board members during 2011/12 are detailed in the table below:

Board Member	Possible Board Meetings		Possible Audit and Risk Committee Meetings		Possible Remuneration Committee Meetings	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
John Whitehead (Chair)	7	7	4	4	1	1
Michael Kaiser (Deputy chair)	7	6	4	4	1	1
Quentin Clark	7	4	n/a	n/a	1	1
Linda Cross	7	6	4	4	n/a	n/a
Paul Kerr	7	7	4	4	n/a	n/a
Iain McSween	5	4	3	1	n/a	n/a
Ole Norgaard	7	6	n/a	n/a	n/a	n/a
Mike Park	7	5	n/a	n/a	n/a	n/a
Mike Parker	7	7	n/a	n/a	1	1
Chris Pomfret	7	6	n/a	n/a	n/a	n/a
Alex West	7	6	n/a	n/a	1	1
James Wilson	7	7	n/a	n/a	n/a	n/a

# **THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012**

The Seafish Board considers standard items that include the reports from the 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 ensuring that they are of a standard expected.

## **Significant issues**

During 2011/12, the Seafish Board considered the following items that were regarded as significant issues:-

- Collection of levy

Following the positive Supreme Court Judgement it was identified that there was a significant risk to the organisation that it would not be able to collect the backlog of levy going back prior to March 2010. The Board therefore requested regular updates on the levy collection progress, with any exceptional circumstances being reported. This risk was passed on to the Audit and Risk Committee and a review was carried out by the internal auditors, Baker Tilly. There were no high priority recommendations identified in this review, with the medium and low priority recommendations being implemented as appropriate. The Board were satisfied that the collection of the backlog of levy was being successfully managed.

- Discussion with industry and the future of Seafish

The four Administrations considered that the timing was right for a review of Seafish, and as a result a "Discussion with Industry" was undertaken in the autumn of 2011. The results of this were extremely positive, emphasising the need for Seafish to be retained as a levy body, structured as a central hub of expertise with regional delivery operations.

- Pensions liability

The overall pension's deficit reached £16m in March 2010, and although this has reduced to £9m at March 2012, it continues to be a cause for concern.

- Future Board Structure

As a result of the "Discussion with Industry" it was recognised there was a need to give industry more input into the operations and projects carried out by Seafish.

## **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 consideration relates.

## **REVIEW OF EFFECTIVENESS OF THE BOARD AND COMPLIANCE WITH GOVERNANCE**

As noted above, the Board met 7 times during the year, and identified the various issues which were considered at the board meetings. Although no formal review was carried out of the Board, each member was individually assessed by the Chairman. It was recognised that the outgoing Board had been in office in difficult times, with Seafish unable to carry out its normal activities due to cash flow constraints caused by the legal challenge. During that difficult period, the board were regularly reviewing the cash flow situation.

The new Board will be evaluated once a year on a formal basis

## **2. AUDIT COMMITTEE**

The Audit Committee was led by the Board Chair and included four other non-executive members.

This committee met 4 times during the year, with the attendance as noted above.

During 2011/12, this committee considered the following:

- The Annual Report and Accounts for 2009/10.
- The draft Annual Report and Accounts for 2010/11.
- Levy collection procedures.

In accordance with best practice, from April 2012 this Committee (now the Audit and Risk Committee) now also covers risk issues and is chaired by the Deputy Chair of the Board. The minutes of the A&RC are passed to the Board, and the Chair of the A&RC reports to the Board on the work of the committee. The committee considers the risk management and the processes and controls in place. Where relevant, the committee undertakes more detailed investigation.

# **THE SEA FISH INDUSTRY AUTHORITY GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012**

## **3. REMUNERATION COMMITTEE**

The Remuneration Committee comprised four non-executive members of the Board and met once during this period.

From 1 April 2012 the Remuneration Committee was reduced to three non-executive members including the Deputy Chair of the Board who chairs this Committee. The role of the new Remuneration Committee will be 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.

## **RISK AND CONTROL FRAMEWORK**

The key components of Seafish's governance and control framework are as follows:

### **Risk management strategy**

Seafish has a Risk Management strategy which formalises the principles of corporate governance adopted in identifying, assessing, addressing and reviewing and reporting its risks. This was done through:-

- Formal bi-annual review of the Risk Register by the executive directors across the following areas: corporate/strategic and operational. The Risk Register is ranked in terms of probability and notes the consequences, controls, action plan and owner of each risk. During the year to March 2012, the Risk Register was been presented bi-annually to the Board for review. However, from April 2012 the AR&C consider risk issues as noted above.
- The internal auditors' annual audit plan is submitted for Audit Committee approval, resulting in regular and independent internal control reviews and reports.

### **Key risks**

The key risk that could impact on the organisation is the Pension and Balance Sheet Deficit. Seafish is an admitted body to the Local Government Pension Scheme (LGPS) through the West Yorkshire Pension Fund (WYPF). At 31 March 2012 our pension deficit is £9.2m. We have sought to address this deficit through the closure of the scheme to new employees from 1 April 2006 and making contributions above minimum requirements in the last five years. Nevertheless given the issues reported above the pension liability continues to present a significant risk to our short term operating activities and to our long term ability to fulfil our statutory remit.

## **INFORMATION MANAGEMENT**

Seafish's approach to the management of security risks is proportionate to the nature of the risks, and I have put in place controls in place to ensure that all information is handled securely. A review of the relevant systems and controls is being carried out during 2012/13 and improvements will be implemented as appropriate. There were no reported data losses in the course of the year.

## **SIGNIFICANT GOVERNANCE ISSUES**

There are no significant control weaknesses to report.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

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



**P. Williams**  
**Chief Executive**  
**11<sup>th</sup> December 2012**

# **THE SEA FISH INDUSTRY AUTHORITY**

## **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 2012 under the Fisheries Act 1981. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

### **Scope of the Audit of the Financial Statements**

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

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

### **Opinion on Regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Sea Fish Industry Authority's affairs as at 31 March 2012 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder.

# THE SEA FISH INDUSTRY AUTHORITY

## 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 Directors' Report and the Management Commentary included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## 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  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
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London  
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*12 December 2012*

**THE SEA FISH INDUSTRY AUTHORITY  
STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2011-12 £000	2010-11 £000
<b>Expenditure</b>			
Staff costs	6b	2,485	3,034
Restructuring/redundancy	5	35	114
IAS 19 pension (credit)/charge	6c	349	(4,312)
Depreciation and amortisation	7&8	57	91
Other expenditure	3	3,633	2,990
Impairment of non-current assets	9	0	354
		<u>6,559</u>	<u>2,271</u>
<b>Income</b>			
Levy income		(7,678)	(7,948)
EU Income	2	(593)	(1,133)
Other income	2	(1,179)	(1,357)
		<u>(9,450)</u>	<u>(10,438)</u>
Net income		(2,891)	(8,167)
Interest receivable		(27)	(13)
Financing expenditure on pension scheme assets and liabilities	13	(476)	187
Net income after interest		<u>(3,394)</u>	<u>(7,993)</u>
Taxation	4	5	3
Net income after taxation		<u>(3,389)</u>	<u>(7,990)</u>
<b>Other Comprehensive Expenditure</b>			
Net loss on revaluation of property and buildings	9	0	233
Actuarial loss/(gain) on pension scheme assets and obligations	13	5,779	(7,032)
Total Comprehensive Net Expenditure/(Income)		<u>2,390</u>	<u>(14,789)</u>

The notes on pages 33 to 51 form part of these accounts

**THE SEA FISH INDUSTRY AUTHORITY  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2012**

	Note	31 March 2012 £000	31 March 2011 £000
<b>Non-current assets</b>			
Property, plant and equipment	7	914	956
Intangible assets	8	<u>0</u>	<u>0</u>
Total non-current assets		914	956
<b>Current assets</b>			
Trade and other receivables	10	3,363	8,019
Cash and cash equivalents	17	<u>8,867</u>	<u>1,309</u>
Total current assets		12,230	9,328
<b>Total assets</b>		<u>13,144</u>	<u>10,284</u>
<b>Current liabilities</b>			
Trade and other payables	11	(1,767)	(1,229)
Provisions	12	<u>(73)</u>	<u>(159)</u>
Total current liabilities		(1,840)	(1,388)
<b>Non-current assets plus net current assets</b>		<u>11,304</u>	<u>8,896</u>
<b>Non-current liabilities</b>			
Provisions - unfunded pension liabilities	13	(4,202)	(3,920)
Pension liabilities	13	<u>(5,005)</u>	<u>(489)</u>
Total non-current liabilities		(9,207)	(4,409)
<b>Assets less liabilities</b>		<u>2,097</u>	<u>4,487</u>
<b>Reserves</b>			
Revaluation reserve		104	104
General fund		6,998	4,872
Pensions reserve		(5,005)	(489)
		<u>2,097</u>	<u>4,487</u>



**J S Whitehead – Chairman**  
11<sup>th</sup> December 2012



**P Williams – Chief Executive**  
11<sup>th</sup> December 2012

The notes on pages 33 to 51 form part of these accounts

**THE SEA FISH INDUSTRY AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2011-12 £000	2010-11 £000
<b>Cash flows from operating activities</b>			
Net income after taxation		3,389	7,990
Depreciation and amortisation		57	91
Impairment of non-current assets		0	354
Decrease/(increase) in trade receivables		4,656	(5,590)
Increase/(decrease) in trade payables		538	(137)
Use of provisions		(1,066)	(4,669)
Net cash inflow/(outflow) from operating activities		<u>7,574</u>	<u>(1,961)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	<u>16</u>	<u>13</u>
Net cash outflow from investing activities		<u>16</u>	<u>13</u>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		7,558	(1,974)
Cash and cash equivalents at the beginning of the period		1,309	3,283
<b>Cash and cash equivalents at the end of the period</b>	17	<u>8,867</u>	<u>1,309</u>

The notes on pages 33 to 51 form part of these accounts



**THE SEA FISH INDUSTRY AUTHORITY  
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2012**

	Pension Reserve £000	Revaluation Reserve £000	General Fund £000	Total Reserves £000
<b>Balance at 1 April 2010</b>	(11,780)	337	1,141	(10,302)
<b>Changes in taxpayers' equity for 2010/11</b>				
Net loss on revaluation of property, plant and equipment	0	(233)	0	(233)
Transfers between reserves	4,259	0	(4,259)	0
Actuarial gain on pension scheme assets and obligations	7,032	0	0	7,032
Retained net income	0	0	7,990	7,990
<b>Balance at 31 March 2011</b>	<u>(489)</u>	<u>104</u>	<u>4,872</u>	<u>4,487</u>
<b>Balance at 1 April 2011</b>	(489)	104	4,872	4,487
<b>Changes in taxpayers' equity for 2011/12</b>				
Transfers between reserves	1,263	0	(1,263)	0
Actuarial loss on pension scheme assets and obligations	(5,779)	0	0	(5,779)
Retained net income	0	0	3,389	3,389
<b>Balance at 31 March 2012</b>	<u>(5,005)</u>	<u>104</u>	<u>6,998</u>	<u>2,097</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 net expenditure.

**General fund**

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

The notes on pages 33 to 51 form part of these accounts.

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2012**

**1. Statement of accounting policies**

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by the Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Seafish for the purpose of giving a true and fair view has been selected. The particular policies adopted by Seafish for its activities are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

**1.1 Accounting convention**

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

**Property, plant and equipment**

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

Land and buildings are valued by independent Chartered Surveyors every five years. A full valuation was last undertaken as at 31 March 2012. The valuation of £850k is incorporated in these accounts.

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

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

Expenditure in excess of £1000 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.

**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 & 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 2011 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2042. Freehold land is not depreciated.

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

□ 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 is 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.

□ Intangible assets

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

□ Operating income

Levy income is stated gross. Commission paid to agents for collecting levy 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. SFIA recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to it. In seeking to apply IAS 18 – Revenue Recognition, an estimation methodology is applied which reflects historic payment profiles. SFIA make all reasonable attempts to identify all liabilities but acknowledge that 100% compliance is unlikely to be achievable. The income reported in these accounts does not include any estimate for levy which might be legally payable but of which SFIA has no knowledge.

□ Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction.

All foreign exchange differences are taken to the statement of comprehensive expenditure in the year in which they arise.

□ Leases

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

□ Financial Instruments

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk. Full disclosure required by IAS 32, IAS 39 and IFRS 7 is shown at note 16.

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

□ 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.

□ 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 costs have not been discounted.

□ 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 2012, Seafish had no contingent liabilities (31 March 2011: £ nil).

□ 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.

□ Staff costs

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

## 1.2 Pensions

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

### Employees employed before 1 April 2006

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

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

Former Employees

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

In addition to the West Yorkshire Pension Fund, Seafish provisionally operated a scheme on behalf of former Herring Industry Board employees, which was also independently invested and administered. The Sea Fish Industry Pension and Life Assurance Fund (ex Herring Industry Board Scheme) was closed to new members and was a fully paid-up Scheme; however the Scheme was formally wound-up on 31 May 1999. The annuities which had been established to cover basic pension rights of the existing pensionable members will be met by the Norwich Union. Seafish will continue to meet the indexation costs associated with basic pension rights.

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

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

Actuarial gains and losses are recognised in the Statement of Changes in Taxpayers' Equity and Other Comprehensive Expenditure.

**2. EU and other income**

Other Income is made up as follows:

	<b>2011-12</b>		<b>2010-11</b>	
	EU £000	Other £000	EU £000	Other £000
MMO	341	18	495	83
Scottish Government	172	207	290	229
DARDNI	42	0	51	1
WEFO/WAG	32	0	63	0
European Union	1	0	2	1
Miscellaneous Other Income	5	954	232	1,043
	<u>593</u>	<u>1,179</u>	<u>1,133</u>	<u>1,357</u>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**3. Other Expenditure**

Details of Seafish expenditure is made up as follows:

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
Research Activities - EU	812	968
- Other	608	415
	<u>1,420</u>	<u>1,383</u>
Business Development Activities - EU	36	199
- Other	986	410
	<u>1,022</u>	<u>609</u>
Other location costs	498	410
Professional fees	158	179
Motor vehicle costs	184	183
Provisions provided for in year Note 12	73	159
Other department	108	80
Travel & subsistence	74	52
Staff training & recruitment	55	3
Repairs & maintenance	1	12
Computing costs	45	20
Gain on sale of property	-	(69)
Reduction in bad debt provision	(5)	(31)
	<u>1,191</u>	<u>998</u>
Total other expenditure	<u>3,633</u>	<u>2,990</u>

Total comprehensive net expenditure/(income) is stated after charging:

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
Auditors remuneration	<u>35</u>	<u>27</u>
Operating lease rental - Land and buildings	105	105
- Motor vehicles	93	112
	<u>198</u>	<u>217</u>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**4. Taxation on Profit on Ordinary Activities**

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
<b>a) Current tax expense</b>	<u>5</u>	<u>3</u>
	5	3
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	0	0
Reduction in tax rate	0	0
Adjustments relating to prior year trading losses	<u>0</u>	<u>0</u>
	0	0
Total income tax expense in income statement	<u>5</u>	<u>3</u>
<b>b) Reconciliation of effective tax rate</b>		
Accounting profit	<u>0</u>	<u>8</u>
Tax at the applicable tax rate of 20% (2011: 20%)	679	1,634
Tax effect of expenses that are not deductible in determining taxable profit:		
Inland revenue agreement	(613)	(647)
Tax deductible pension contributions	(95)	(866)
Short term timing differences	34	(164)
Movement in losses	0	0
Rate changes	<u>0</u>	<u>46</u>
Tax expense	<u>5</u>	<u>3</u>

**5. Retirement & Redundancy Costs**

Due to the reduction in levy income as a result of the legal challenge, several members of staff were made redundant at a cost of £35k (2010-11: £114k).

**Reporting of compensation schemes – exit packages**

<b>Exit package cost band</b>	<b>2011-12</b>			<b>2010-11</b>		
	<b>Compulsory redundancies</b>	<b>Other departures agreed</b>	<b>Total exit packages by cost band</b>	<b>Compulsory redundancies</b>	<b>Other departures Agreed</b>	<b>Total exit packages by cost band</b>
Under £10,000	2	0	2	3	0	3
£10,001-£25,000	1	0	1	2	2	4
£25,001-£50,000	0	0	0	1	0	1
<b>Total number of exit packages by type</b>	<u>3</u>	<u>0</u>	<u>3</u>	<u>6</u>	<u>2</u>	<u>8</u>
<b>Total resource cost £000</b>	<u>35</u>	<u>0</u>	<u>35</u>	<u>82</u>	<u>32</u>	<u>114</u>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**6. Staff numbers and related costs**

- (a) The average number of whole time equivalent staff employed by Seafish during the year is noted below and included four part-time positions (2010-11 - four).

	Management and Staff		Agency/Temp Contract Staff		Total Staff	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Research	30	35	3	1	33	36
Business development	27	32	0	0	27	32
Corporate services	12	14	0	0	12	14
	<u>69</u>	<u>81</u>	<u>3</u>	<u>1</u>	<u>72</u>	<u>82</u>

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

	Management and Staff		Agency/Temp Contract Staff		Total Staff	
	2011-12 £000	2010-11 £000	2011-12 £000	2010-11 £000	2011-12 £000	2010-11 £000
Gross salaries	2,241	2,736	12	11	2,253	2,747
Social security costs	195	231	1	1	196	232
Defined benefit scheme past service costs	36	55	0	0	36	55
	<u>2,472</u>	<u>3,022</u>	<u>13</u>	<u>12</u>	<u>2,485</u>	<u>3,034</u>

- (c) Analysis of pension costs

	<b>2011-12 £000</b>	<b>2010-11 £000</b>
Pension current service cost	349	442
Past service (gain)/cost	0	(4,754)
	<u>349</u>	<u>(4,312)</u>

- (d) Executive Directors' Emoluments & Pension Benefits

Details of emoluments and pension benefits for the executive directors are shown in the Remuneration Report at pages 19 to 22. Details of related party transactions are shown at page 49 and 50.



**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**7. Property, plant and equipment**

Analysis by type	Land £000	Buildings Excluding Dwellings £000	Furniture & Fittings £000	Information Technology £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2011	150	700	530	311	1,691
Additions	0	0	1	15	16
Disposals	0	0	0	(5)	(5)
<b>At 31 March 2012</b>	<u>150</u>	<u>700</u>	<u>531</u>	<u>321</u>	<u>1,702</u>
<b>Depreciation</b>					
At 1 April 2011	0	0	453	282	735
Charge for year	0	22	21	14	57
Disposals	0	0	0	(4)	(4)
<b>At 31 March 2012</b>	<u>0</u>	<u>22</u>	<u>474</u>	<u>292</u>	<u>788</u>
<b>Net book value</b>					
<b>At 31 March 2012</b>	<u>150</u>	<u>678</u>	<u>57</u>	<u>29</u>	<u>914</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 15. 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 2012**

**7. Property, plant and equipment (continued)**

Analysis by type	Land £000	Buildings Excluding Dwellings £000	Furniture & Fittings £000	Information Technology £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2010	46	1,434	531	335	2,346
Additions	0	0	0	13	13
Disposals	0	0	(1)	(37)	(38)
Revaluation	104	(337)	0	0	(233)
Impairments	0	(397)	0	0	(397)
<b>At 31 March 2011</b>	<b>150</b>	<b>700</b>	<b>530</b>	<b>311</b>	<b>1,691</b>
<b>Depreciation</b>					
At 1 April 2010	0	0	432	302	734
Charge for year	0	43	21	17	81
Disposals	0	0	0	(37)	(37)
Impairments	0	(43)	0	0	(43)
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>453</b>	<b>282</b>	<b>735</b>
<b>Net book value</b>					
<b>As at 31 March 2011</b>	<b>150</b>	<b>700</b>	<b>77</b>	<b>29</b>	<b>956</b>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**8. Intangible assets**

Intangible assets comprise software licenses.

	£000
<b>Cost or valuation</b>	
At 1 April 2011	243
At 31 March 2012	<u>243</u>
<b>Amortisation</b>	
At 1 April 2011	243
At 31 March 2012	<u>243</u>
Net book value at 31 March 2012	<u><u>0</u></u>
<b>Cost or valuation</b>	
At 1 April 2010	243
At 31 March 2011	<u>243</u>
<b>Amortisation</b>	
At 1 April 2010	233
Charged in year	10
At 31 March 2011	<u>243</u>
Net book value at 31 March 2011	<u><u>0</u></u>

**9. Impairments**

The impairment charge for the previous year of £354k related to the difference between the cost value of the buildings in Edinburgh, and the valuation as referred to in note 8 above. This was charged to the Statement of Comprehensive Net Expenditure as the buildings revaluation reserve was fully expended. However, the valuation of the land was £104k greater than the cost, and this increase is reflected in the revaluation. The amounts charged to comprehensive net expenditure are as follows:

	2011-12 £000	2010-11 £000
Allocated to:		
Net income reserve	0	354
Revaluation reserve	0	233

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**10. Trade receivables and other current assets**

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
<b>Amounts falling due within one year</b>		
Trade receivables	483	261
Provision for impairment of trade receivables	(114)	0
Advances to staff for Grimsby relocation	0	4
Levy debtors	1,952	7,000
Prepayments and accrued income	314	216
EU accrued income	728	538
	<u>3,363</u>	<u>8,019</u>

The above receivables include £446k (2011: £174k) being due from central government bodies.

The above provision for impairment of trade receivables includes £111k in respect of amounts due from central government bodies.

The levy debtor in the previous year was high due to Seafish having been unable to collect levies on imports until after the year end when the positive judgement was delivered by the Supreme Court.

**11. Trade payables and other current liabilities**

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
<b>Amounts falling due within one year</b>		
Trade payables	547	257
Accruals and deferred income	1,097	857
PAYE and social security	63	62
VAT	23	19
Corporation tax	5	3
Pensions contributions payable	32	31
	<u>1,767</u>	<u>1,229</u>

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

The above trade payables includes £177k (2011: £213k) being due to central government bodies.

**12. Provisions – Bad Debts**

	<b>2011-12 £000</b>	<b>2010-11 £000</b>
Balance at 1st April 2011	159	0
Provided in year	73	159
Provisions utilised in year	(159)	0
Balance at 31st March 2012	<u>73</u>	<u>159</u>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

The £73k provision relates to the estimated amount due from a levy payer that went into administration during the year.

**13. Pension Scheme Arrangements**

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

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

New staff are instead offered a defined contribution scheme administered by the Legal & General Assurance Society. Employer's contributions during the year to 31 March 2012 were £36k. There were no amounts prepaid or outstanding at the end of the year.

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

**Liability for defined benefit pension obligations**

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
Present value of defined benefit obligations	(42,374)	(37,887)
Fair value of scheme assets	33,167	33,478
Net liability for defined benefit obligations	<u>(9,207)</u>	<u>(4,409)</u>
Value of unfunded obligations included in above	(4,202)	(3,920)

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**13. Pension Scheme Arrangements (continued)**

**Movements in the present value of defined benefit pension obligations**

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
At 1 April	37,887	46,555
Current service cost	349	442
Interest cost	2,044	2,322
Contributions	131	144
Past service cost	0	(4,754)
Actuarial losses	3,888	(4,850)
Benefits/transfers paid	(1,925)	(1,972)
At 31 March	<u>42,374</u>	<u>37,887</u>

**Movements in the fair value of the scheme assets**

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
At 1 April	33,478	30,285
Expected return on scheme assets	2,520	2,135
Contributions	709	581
Actuarial gains and losses	(1,891)	2,182
Benefits/transfers paid	(1,649)	(1,705)
At 31 March	<u>33,167</u>	<u>33,478</u>

**Net finance charge**

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
Expected return on scheme assets	2,520	2,135
Interest on liabilities	(2,044)	(2,322)
	<u>476</u>	<u>(187)</u>

**Amounts recognised in the Statement of Comprehensive Net Expenditure/(Income)**

	<b>2011-12</b>	<b>2010-11</b>
	<b>£000</b>	<b>£000</b>
Actuarial gain/(loss) recognised	<u>(5,779)</u>	<u>7,032</u>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

The most recent actuarial valuation of the pension fund was to 31 March 2010. The principal assumptions used by the independent qualified actuary in updating this valuation were:

	<b>31 March 2012</b>	<b>31 March 2011</b>
Rate of inflation (RPI)	3.4%	3.6%
Rate of inflation (CPI)	2.4%	2.7%
Rate of increase in salaries	5.0%	5.1%
Rate of increase in pensions	2.4%	2.7%
Discount rate	4.6%	5.5%
Mortality tables	1992 (PMA and PFA)	1992 (PMA and PFA)

**Scheme assets**

	<b>31 March 2012</b>	<b>31 March 2011</b>
Equities	71.1%	73.1%
Government bonds	12.6%	11.4%
Other bonds	5.4%	3.9%
Property	3.6%	3.6%
Cash/liquidity	2.8%	2.3%
Other	4.5%	5.7%

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

	<b>Long-term rate of return expected at 31 March 2012</b>	<b>Value at 31 March 2012 £000</b>	<b>Long-term rate of return expected at 31 March 2011</b>	<b>Value at 31 March 2011 £000</b>
Equities	8.1%	23,581	8.4%	24,473
Government bonds	3.1%	4,179	4.4%	3,816
Other bonds	3.7%	1,791	5.1%	1,305
Property	7.6%	1,194	7.9%	1,205
Cash/liquidity	1.8%	929	1.5%	770
Other bonds	8.1%	1,493	8.4%	1,909
<b>Total market value of assets</b>		<b>33,167</b>		<b>33,478</b>

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**13. Pension Scheme Arrangements (continued)  
The effect of experience adjustments is as follows:**

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	(42,374)	(37,887)	(46,555)	(32,848)	(38,090)
Fair value of scheme assets	33,167	33,478	30,285	23,067	29,713
Deficit in the scheme	(9,207)	(4,409)	(16,270)	(9,781)	(8,377)
Experience adjustment on scheme liabilities					
Amount	(2,044)	(2,322)	(2,282)	(2,306)	(1,831)
Percentage of scheme liabilities	4.8%	6.1%	4.9%	7.0%	4.8%
Experience adjustment on scheme assets					
Amount	2,520	2,135	1,477	2,032	2,122
Percentage of scheme assets	7.6%	6.4%	4.9%	8.8%	7.1%

The contribution expected to be paid to the defined benefit scheme during the 2012-13 financial year is £428k (2011-12 - £523k).

**14. Post Balance Sheet Events**

**Issue of accounts**

In accordance with the requirements of IAS 10, events after 31 March 2012 are considered up to the date on which the accounts are authorised for issue. These accounts were authorised for issue on 12 December 2012.

**New structure**

Seafish restructured its Board on 1 April 2012, and now has nine members comprising five industry and four independent members. Defra led discussions with industry took place in the autumn 2011 and Seafish was given a firm mandate to continue its operations. To increase the industry's involvement in the workplans, three new Sectoral panels were formed, with their primary function being to review the relevance of the work streams and agree an activities budget to go to the Board.



**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**15. 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.

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
Buildings:		
Not later than one year	96	96
Later than one year and not later than five years	358	358
Later than five years	86	172
	<u>540</u>	<u>626</u>
Other:		
Not later than one year	72	90
Later than one year and not later than five years	46	85
	<u>118</u>	<u>175</u>

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

**16. 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**

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

**Credit risk**

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

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**16. Financial Instruments (continued)**

**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 approximates to their book values.

**Financial assets by category**

	<b>Loans and Receivables £000</b>	<b>2012 Total £000</b>	<b>Loans and Receivables £000</b>	<b>2011 Total £000</b>
Assets as per balance sheet:				
Trade Receivables	483	483	261	261
Levy Receivables	1,952	1,952	7,000	7,000
Cash at Bank and in Hand	8,867	8,867	1,309	1,309
<b>Total</b>	<b>11,302</b>	<b>11,302</b>	<b>8,570</b>	<b>8,570</b>

The levy receivables have been subject to a bad debt provision of £73k as detailed in note 12. The trade receivables have been subject to impairment of £114k (31 March 2011: nil) None of the other financial assets have been subject to impairment.

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

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
<b>Trade receivables</b>		
Less than one month	90	175
More than one month less than three months	3	12
More than three months	276	74
	<u>369</u>	<u>261</u>

**Financial liabilities by category**

	<b>Financial Liabilities £000</b>	<b>2012 Total £000</b>	<b>Financial Liabilities £000</b>	<b>2011 Total £000</b>
Liabilities as per balance sheet				
Trade Payables	547	547	257	257
Other Payables	1,129	1,129	888	888
<b>Total</b>	<b>1,676</b>	<b>1,676</b>	<b>1,145</b>	<b>1,145</b>

The above figures exclude statutory creditors, which relates to VAT and Corporation Tax due to HM Revenue & Customs.

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**17. Cash and Cash Equivalents**

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000s</b>
Balance at 1 April	1,309	3,283
Net change in cash and cash equivalent balances	7,558	(1,974)
<b>Balance at 31 March</b>	<b><u>8,867</u></b>	<b><u>1,309</u></b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	2,717	1,309
Short term investments	6,150	0
<b>Balance at 31 March</b>	<b><u>8,867</u></b>	<b><u>1,309</u></b>

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

**18. Related Party Transactions**

Seafish is a Non Departmental Public Body (NDPB), funded by statutory levies and sponsored by the Department for Environment, Food and Rural Affairs (Defra). Defra is regarded as a related party. During the year, Seafish has had a number of material transactions with Defra and its sponsored bodies and with other Government Departments and their sponsored bodies, notably – the Scottish Government; Department of Agriculture and Rural Development (Northern Ireland); and the National Assembly for Wales

These transactions predominantly relate to the payment of EFF grants for approved projects and are disclosed in note 2.

**The balances payable to Seafish at 31 March were:**

	<b>31 March 2012 £</b>	<b>31 March 2011 £</b>
Defra	0	28,700
Marine Management Organisation (a Defra body)	240,630	69,153
Scottish Government	21,368	58,369
Welsh Government	70,904	17,694
Department of Agriculture and Rural Development (NI)	1,800	0

**The balances due by Seafish at 31 March were:**

	<b>31 March 2012 £</b>	<b>31 March 2011 £</b>
Welsh Government	90,527	90,527
Defra	0	28,247
The Treasury Solicitors	705	11,370

Seafish also had transactions with HM Revenue & Customs.

**THE SEA FISH INDUSTRY AUTHORITY  
NOTES TO ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2012**

**18. Related Party Transactions (continued)**

In addition, Seafish was involved in the following related party transactions during the year which are considered to be material. All payments were made by 31 March 2012 and accordingly there are no balances outstanding at the year end:-

**Chairman Mr J. S. Whitehead was:**

- a trustee of Billingsgate Seafood Training School which was paid £10,212 by Seafish and from whom Seafish received £984.
- chairman of Scottish Food Quality Certification which was paid £3,240 by Seafish.

**Board Member Mr I. M. MacSween is:**

- a director of Seafood Scotland Ltd which was paid £176,598 by Seafish and from whom Seafish received £141,045.
- a director of Scotland Food & Drink Ltd which was paid £15,000 by Seafish.

**Board Member Mr M Parker is:**

- a director of Marine Stewardship Council from whom Seafish received £6,000.
- a Board Member of Humber Seafood Institute from whom Seafish received £350.

**Board Member Mr O Norgaard is:**

- a director of Lyons UK which was paid £61 by Seafish and from whom Seafish received £167,232.

**Board Member Mr James Wilson is:**

- chairman of the Shellfish Association of G.B which was paid £40,130 by Seafish.
- a director of Deepdock Ltd from whom Seafish received £280.

**Board Member Mr A. West is:**

- chairman of Westward Fishing Company which was paid £561 by Seafish and from whom Seafish received £31,640.
- chairman of SFO Ltd of Seafood Scotland Ltd which was paid £174 by Seafish.
- a director of Scottish Fishermen's Federation which was paid £15,232 by Seafish.
- a director of Seafood Scotland which was paid £176,598 by Seafish and from whom Seafish received £141,045.

**Board Member Ms L Cross is:**

- a director of Trawlpac from whom Seafish received £4,378.
- a director of Anglo Nordis Seafoods from whom Seafish received £965.

**Board Member Mr M Park is:**

- a director of Scottish Fishermens Federation Services from whom Seafish received £900.
- a director of the Scottish Fishermen's Federation which was paid £15,232 by Seafish.
- a member of Banff and Buchan college which received £150 from Seafish.

**Chief Executive Officer Dr P Williams is:**

- a director of Whitby & District Fish Industry Training School which was paid £40,122 by Seafish.

**Development Director Dr J Harman is:**

- a director of Seafood Scotland Ltd which was paid £176,598 by Seafish and from whom Seafish received £141,045.

**19. Major FReM changes for 2011-12**

Seafish has reviewed the major FReM changes for 2011-12 and determined there will be no significant impact on the financial statements.



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