

**Charity Registration No. SC045119**

**Company Registration No. SC477579 (Scotland)**

**FISHERIES INNOVATION SCOTLAND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2017**

# FISHERIES INNOVATION SCOTLAND

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr J H Goodlad (Chairman) Mr A W Dingwall Mr C A Armstrong Mr M E Mitchell Mr A Gibb Mr M Coleman	(Appointed 14 October 2016) (Appointed 28 March 2017)
<b>Secretary</b>	J & H Mitcheli LLP	
<b>Executive director</b>	Mr R Slaski	
<b>Charity number</b>	SC045119	
<b>Company number</b>	SC477579	
<b>Registered office</b>	PO Box 7223 PITLOCHRY PH16 9AF	
<b>Auditor</b>	Johnston Carmichael LLP 66 Tay Street PERTH PH2 8RA	
<b>Bankers</b>	Royal Bank of Scotland St Andrews Branch 113-115 South Street ST ANDREWS KY15 9QB	

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# FISHERIES INNOVATION SCOTLAND

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# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MAY 2017

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The trustees present their report and accounts for the year ended 31 May 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (as amended for accounting periods commencing from 1 January 2016)".

#### **Objectives and activities**

The charity's objectives are to encourage the advance of expertise, science and management in relation to marine fisheries in Scotland and elsewhere, and further thereto:

- To provide information and support to members, other organisations, public bodies and governments and to inform fisheries policies and management
- To advance, and to encourage the advance of, expertise, science and management of and in relation to prosperous and environmentally sustainable fisheries in Scotland
- To establish, undertake, manage, enable, encourage and promote education, research and training
- To contribute to and enhance the public's knowledge and understanding of fisheries in and surrounding Scotland and elsewhere

The policies adopted in furtherance of these objects are to identify, advertise, assess, commission, actively manage, peer review and publish high quality research. The Board has also indicated that other projects such as organising a Bi-Annual Scottish Fishing Conference, creating an Annual Innovation Award and organising international business bursaries are important in furthering FIS's objectives. These policies have been refined and developed during the reporting period.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

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### Details of the activities of the charity during the year

This was the third year of FIS operations, and the main activities were:

- Maintaining Board and Secretariat functions / relationships
- Securing Member funding for the fourth year of operations
- Managing claims for European Maritime and Fisheries Fund support for project match funding
- Appointment of three new Technical Advisory Committee (TAC) members
- Board and TAC meetings
- Research prioritisation discussions and preparations for advertising FIS018, FIS019 and FIS020
- Management meetings, peer review and approval/publication (where appropriate) of year-two FIS projects, designated FIS010 to FIS015 (FIS010, FIS011 A, FIS011 B, FIS012 A, FIA012 B, FIS013, FIS014 and FIS015)
- Deliver Annual Scottish Fishing Conference 2016
- Early decisions on location and date for the third Scottish Fishing Conference for 2018 - now to be a bi-annual event
- Commencing on organisation of international placements project and Innovation Award project for 2017
- Speak at Seafish Common Language Group meeting
- Attend EMFF PMC, PAC and PMC Industry Group meetings
- Organise industry stakeholder group meeting
- Bilateral meetings with SIFT, Clyde Fishermen's Association, NAFC
- Attend Scottish Brexit Conference

### Grant making policy

FIS has established robust mechanisms for commissioning, managing and evaluating research and development projects. Prioritised research requirements are agreed by the board and published as a call for proposals. Submitted proposals are subject to internal and external peer review, before being tabled for final assessment by the board when funding decisions are made.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

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### **Achievements and performance**

Projects FIS011 A, FIS011 B and FIS012A, together with the first Annual Scottish Fishing Conference 2016 were all delivered satisfactorily within the reporting period. The remaining FIS 2nd round projects will be completed during reporting period 2017/18. FIS also prepared for advertising of new projects FIS018-020.

The key achievements within the reporting period can be summarised as:

- Successful award of claim on an EMFF grant to assist with match-funding FIS projects FIS010 to FIS015
- Successful completion, peer review and publication of projects FIS011 A, FIS011 B and FIS012A
- Successful delivery on ASFC 2016
- Note that a proportion of the available 2016 and 2017 research project budget has been retained with a view to identifying new research imperatives once the implications of EU withdrawal have become more clear.

A successful start was made to decisions about the organisation of the third Scottish Fishing Conference to be held in St Andrews in 2018.

### **Financial review**

Results for the year ended 31 May 2017 are given in the Statement of Financial Activities on page 12. The assets and liabilities are given in the Balance Sheet on page 13. The financial statements should be read in conjunction with the related notes which appear on pages 14 to 21.

In summary, income amounted to £450,000 (2016 - £1,000,815), expenditure totalled £145,202 (2016 - £676,544), resulting in net income for the year of £304,798 (2016 - £324,271).

At 31 May 2016, grants payable towards specific project costs were incorrectly accounted for as unrestricted expenditure. This has been corrected in the 31 May 2017 accounts and has resulted in an increase in the unrestricted fund balance of £332,624 and a reduction in the restricted funds balance brought forward to nil.

The Trustees took account of the EU Referendum result of June 23rd 2016 when formulating research plans for 2016/17, and noted that whilst some technical challenges requiring research would remain consistent with the existing Call for Proposals, many other potential research topics were less easy to articulate until progress had been made on the practicalities of leaving the EU. The Board unanimously agreed that there should be a reduction in short-term commissioning of new research until such time as more certainty could be given to the charity, thereby achieving value for money from it's awarding of research grants.

During the reporting period the Executive Director and Secretariat have been responsible for the day-to-day management of FIS finance and responsibility for ensuring that an effective system of internal financial control is maintained and operated in respect of FIS accounts.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

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The system of internal financial control is based on a framework of regular management information, periodic audit, administrative procedures including segregation of duties and a system of delegation and accountability. In particular, it includes:

- the existence of an appropriate control environment, such as clearly defined management responsibilities and evidence of reaction to control failures;
- regular monitoring of financial activity on a weekly basis by the Executive Director and Secretariat;
- contractual agreement for the allocation of FIS funds requiring the signature of two Directors;
- a system of continuous cash flow control;
- all contractors' invoices being checked prior to settlement and, under the terms of the standard FIS Agreement, the right to secure financial audit of contractors;
- Johnston Carmichael LLP continue to independently audit the FIS accounts annually;
- the Directors of FIS are informed at biannual Board meetings of the financial status of the company;
- minimising the financial risk to FIS by securing contractually agreed contributions from all Member organisations and committing funds within the constraints of these confirmed allocations.

The system of internal financial control is overseen by the Executive Director, the Chairman, the FIS Board and the Secretariat financial administrator who has responsibility for the development and maintenance of the financial control framework.

### **Reserves policy**

It is the policy of the charity that unrestricted funds that have not been designated for a specific use should be maintained at a level equivalent to three months of the total expenditure excluding grants payable for the year. At 31 May 2017 total expenditure amounted to £145,202 however this included a credit for grants payable of £5,010 as disclosed in note 6 therefore actual expenditure amounted to £150,212. Three months of the actual expenditure therefore amounts to approximately £37,550. At the end of the reporting period the total funds held amounted to £669,200 which are all unrestricted therefore this level of reserves has been maintained.

The majority of the funds committed to FIS by the members are allocated on the basis that they will support the research and development projects therefore this level of reserves is held mainly to cover any administrative costs for the notice period of three months in the event of a significant drop in funding.

### **Risk Management**

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. These risks are re-evaluated on an ongoing basis by the Executive Director and the Secretariat, and the Board is alerted to salient emerging issues. The most important risk to the charity is the security of its future funding stream and therefore its ability to fulfil its objectives and this risk is carefully considered and discussed at every meeting of the Board.

The Board retains insurance for "Professional and legal liability (charity)" and "Trustees and individual liability (charity)" with Hiscox Underwriting Limited.

### **Future plans**

For the forthcoming year, 2017/18, Fisheries Innovation Scotland will maintain many of the same operations as indicated for the reporting period. Specifically, it will: complete and publish the research projects commissioned during 2016/17; advertise and commission new research projects for 2017/18 including an Innovation Award and an International Study Bursary; commence organisation of the 2018 Bi-Annual Scottish Fishing Conference; and represent the organisation and the wider Scottish fishing community at workshops, conferences and other similar events.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

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### Structure, governance and management

The charity is a company limited by guarantee. The company is governed by its Memorandum and Articles of Association, last amended 28 July 2014.

The trustees, who are also the directors for the purpose of company law, and who served during the period from 01 June 2016 to the date the financial statements were approved were as follows:

Mr J H Goodlad (Chairman)	
Mr M Park	(Resigned 1 June 2017)
Mr S O Parry	(Resigned 27 March 2017)
Mr A W Dingwall	
Mr C A Armstrong	
Mr M R Palmer	(Resigned 3 October 2016)
Mr M E Mitchell	
Mr A Gibb	(Appointed 14 October 2016)
Mr M Coleman	(Appointed 28 March 2017)

From our 6 Member organisations listed below, 5 trustees, together with designated alternates, have been recruited (in addition, the chairman is also an elected trustee). The exceptions as at 31 May 2017 are Scottish Natural Heritage, which has yet to nominate a Trustee to the Board. Trustees are also required to serve as members of the company under the Articles and are formally appointed as Company Directors.

None of the directors has any beneficial interest in the company. All of the directors are members of the company and guarantee to contribute £1 in the event of a winding up.

The Member organisation is responsible for selecting and nominating the candidate it wishes to serve on the FIS Board. Existing Board Members are informed of the nomination and, in the absence of substantive objection, the individual is appointed. There is no fixed term for FIS trustees. The Chairman is an independent appointee of the Board and the position is reviewed annually.

FIS Trustees are drawn from a broad range of interest groups including:

- Sainsbury's
- Marine Scotland
- Scottish Fishermen's Federation
- Seafish
- Young's Seafood
- Scottish Natural Heritage



# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

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### **Organisational Management**

FIS is operated by a Board constituted by Trustees who are also Company Directors. Board members are drawn from each of FIS's Member organisations and take overall responsibility for ensuring that FIS fulfils its stated aims and maintains the appropriate infrastructure for the effective, accountable and lawful conduct of the organisation. The Chairman is an independent appointee of the Board. The Company Secretary is J&H Mitchell Solicitors. Day to day management and administration of FIS is undertaken by the Executive Director, Richard Slaski. A Secretariat supports the Board, the Chairman and the Executive Director, a role which was undertaken by Epsilon Resource Management Ltd during the reporting period. FIS accounts are audited by Johnston Carmichael LLP.

The Board consists of 6 trustees together with a similar number of designated alternates who may act on behalf of a specified trustee in their absence. The Board has agreed that other relevant bodies or individuals shall have observational or advisory status and be invited to participate in normal board meetings. Specifically, the Chair of the Technical Advisory Committee has been asked to be a regular attendee at board meetings during the reporting period.

The work of FIS is supported by a Technical Advisory Committee (TAC), whose members are selected by the Board on the basis of their personal expertise and experience. The TAC meets independently of the Board and communications between the two are maintained by the Executive Director and the secretariat.

As a routine annual cycle is becoming established, it is anticipated that the Board will meet at least twice each year. Sub-groups of the Board also meet on an ad hoc basis to address specific tasks agreed by the Board. Interim Board meetings also occur as required.

The Chairman and the Executive Director liaise regularly with respect to routine operational matters. All decisions related to policy, strategic development, project approvals and fundamental aspects of company business are referred to the Board. In the absence of Board consensus on an issue, decisions are carried on the basis of a simple majority with the Chairman holding a casting vote.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

### Details of organisational structure

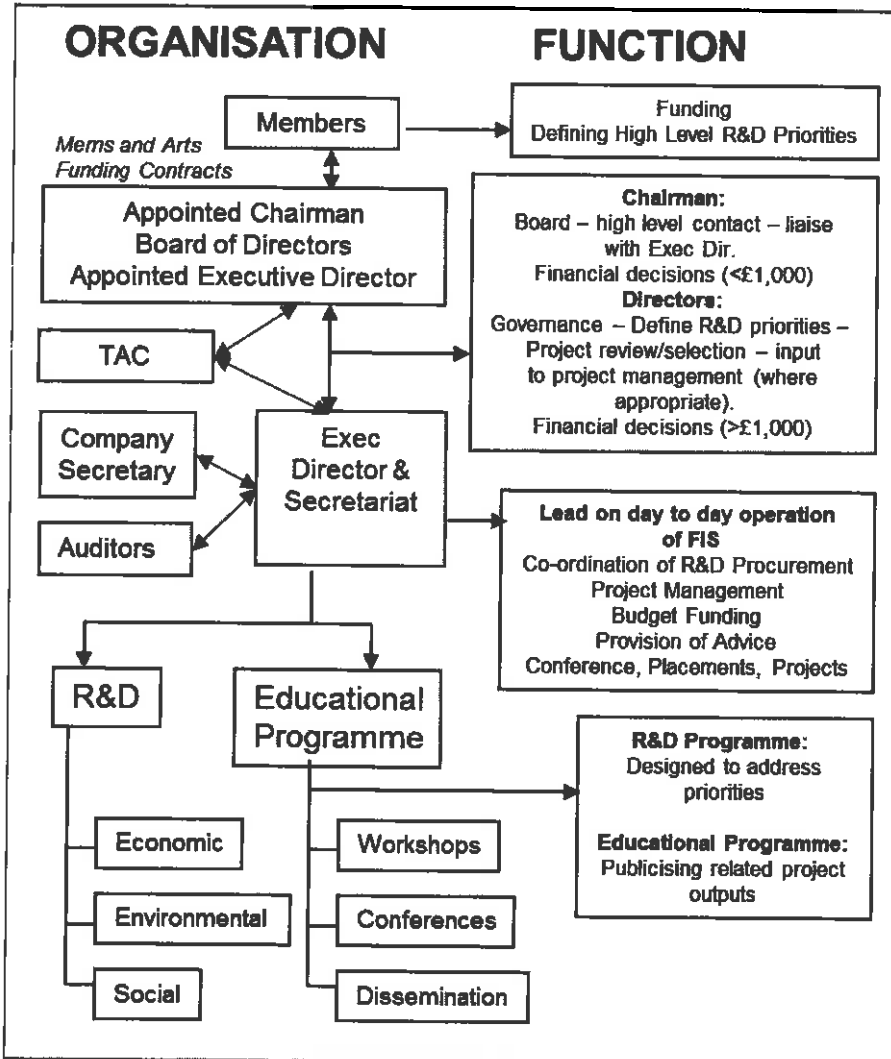


Figure 1. Organisational diagram of FIS operational structure and related functions.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2017

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### Trustees Induction and Training

At the time of their appointment, all trustees are provided with an information pack containing:

- The Role of the Charity Trustee (Liddell, 2011)
- Memorandum and Articles of Association
- Standard FIS confidentiality agreement
- The previous year's Board meeting and Annual General Meeting minutes
- The latest set of accounts
- The latest annual report

The Secretariat also provides an induction presentation providing details of the structure, function and status of FIS. Trustees are encouraged to attend workshops and training events relevant to their role with FIS. The Secretariat also provides specific advice and guidance to new trustees and undertook bilateral meetings with all Member organisations during the reporting period.

### Relationship with Related Parties

The trustees, who are also directors for the purposes of company law, are each drawn from FIS Member organisations. All trustees are formally requested to declare any potential conflict of interest prior to its discussion at a Board meeting. Exclusion of the Board member from further participation in discussions is at the Chairman's discretion. In instances where the Member organisation that a trustee represents has a vested interest in a research proposal, the trustee will remove themselves from the assessment and voting process in relation to that proposal. Directors are not permitted to be direct participants in a FIS project.

### Auditor

In accordance with the company's articles, a resolution proposing that Johnston Carmichael LLP be reappointed as auditor of the company will be put at a General Meeting.

### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The trustees' report was approved by the Board of Trustees.

.....  
Mr J H Goodlad (Chairman)

Trustee

Dated: 19/9/17



Mr M E Mitchell

Trustee

Dated: 19/09/2017

# **FISHERIES INNOVATION SCOTLAND**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MAY 2017***

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The trustees, who are also the directors of Fisheries Innovation Scotland for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102) (as amended for accounting period commencing 1 January 2016);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

# FISHERIES INNOVATION SCOTLAND

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FISHERIES INNOVATION SCOTLAND

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We have audited the financial statements of Fisheries Innovation Scotland for the year ended 31 May 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") Section 1A applicable to Small Entities.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 May 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

# FISHERIES INNOVATION SCOTLAND

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FISHERIES INNOVATION SCOTLAND

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### Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

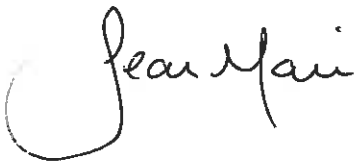
- the information given in the Trustees' Report (including the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (including Directors' Report) has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (including Directors' Report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemptions from the requirements to prepare a strategic report.



**Jean Main (Senior Statutory Auditor)**  
for and on behalf of Johnston Carmichael LLP

19/9/17

**Chartered Accountants**  
**Statutory Auditor**

66 Tay Street  
PERTH  
PH2 8RA

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# FISHERIES INNOVATION SCOTLAND

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MAY 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	450,000	-	450,000	1,000,397
Other income	4	-	-	-	418
<b>Total income and endowments</b>		<b>450,000</b>	<b>-</b>	<b>450,000</b>	<b>1,000,815</b>
<b><u>Expenditure on:</u></b>					
Charitable activities	5	145,202	-	145,202	676,544
<b>Net movement in funds</b>		<b>304,798</b>	<b>-</b>	<b>304,798</b>	<b>324,271</b>
<b>Reconciliation of Funds</b>					
As originally reported		31,778	332,624	364,402	40,131
Prior year adjustment	1.9	332,624	(332,624)	-	-
As restated		364,402	-	364,402	40,131
<b>Fund balances at 31 May 2017</b>		<b>669,200</b>	<b>-</b>	<b>669,200</b>	<b>364,402</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# FISHERIES INNOVATION SCOTLAND

## BALANCE SHEET

AS AT 31 MAY 2017

	Notes	2017		2016 as restated	
		£	£	£	£
<b>Current assets</b>					
Debtors	12	178,664		336,801	
Cash at bank and in hand		642,073		596,304	
		<u>820,737</u>		<u>933,105</u>	
<b>Creditors: amounts falling due within one year</b>	13	(151,537)		(568,703)	
<b>Net current assets</b>			<u>669,200</u>		<u>364,402</u>
<b>The funds of the charity:</b>					
Unrestricted funds			669,200		364,402
			<u>669,200</u>		<u>364,402</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 19/9/17

.....  
Mr J H Goodlad (Chairman)  
Trustee

  
.....  
Mr M E Mitchell  
Trustee

Company Registration No. SC477579



# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

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### 1 Accounting policies

#### Company information

Fisheries Innovation Scotland is a charitable company limited by guarantee incorporated in Scotland. The registered office and business address is PO Box 7223, PITLOCHRY, PH16 9AF.

#### 1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") Section 1A applicable to Small Entities, "Accounting and Reporting by Charities" the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity has availed itself of S396 of the Companies Act 2006, as permitted in paragraph 4(a) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees' continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Incoming resources represent donations and gifts received for revenue purposes.

Income is deferred if there are donor imposed conditions that specify that time period in which the expenditure can take place.

#### 1.5 Resources expended

Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. These are allocated between charitable expenditure and support costs.

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

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#### 1 Accounting policies

(Continued)

Charitable expenditure is incurred in direct pursuance of the charity's principal objects and as set out in the trustees' report.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the period end are noted as a commitment, but not accrued as expenditure.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include secretariat costs, governance costs and administrative costs. They are incurred directly in support of expenditure on the objects of the charity.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

#### 1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### 1.8 VAT

The charity is not registered for VAT and therefore all expenditure is shown inclusive of VAT.

### 1.9 Prior period adjustment

In 2016 grants payable funded by the European Maritime and Fisheries Fund towards specific project costs were incorrectly accounted for as unrestricted expenditure in the Statement of Financial Activities of the charity. This has been corrected and has resulted in an increase in the unrestricted fund balance of £332,624 and a reduction in the restricted funds balance brought forward to nil. This has no effect on the overall prior year net assets of the charity brought forward.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees consider that there are no estimates and underlying assumptions which has significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	450,000	-	450,000	1,000,397
<b>For the year ended 31 May 2016</b>	<b>475,000</b>	<b>525,397</b>		<b>1,000,397</b>
<b>Donations and gifts</b>				
Marine Scotland	150,000	-	150,000	150,000
Seafish Industry	100,000	-	100,000	100,000
Scottish Fishermen's Federation	100,000	-	100,000	100,000
Sainsbury's Supermarkets Ltd	25,000	-	25,000	25,000
Young's Seafood Ltd	25,000	-	25,000	25,000
The Scottish White Fish Producers Association Ltd	25,000	-	25,000	25,000
Scottish Natural Heritage	25,000	-	25,000	25,000
Environmental Defence Fund	-	-	-	25,000
The Scottish Government	-	-	-	525,397
	<b>450,000</b>	<b>-</b>	<b>450,000</b>	<b>1,000,397</b>

### 4 Other income

	2017	2016
	£	£
Other income	-	418

All other income for the prior year is in respect of unrestricted income.

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

### 5 Charitable activities

	2017	2016
	£	as restated £
Secretariat costs	62,523	33,383
Conferences and seminars	50,266	54,808
Programme expenses and referee payments	2,809	2,478
Chairman's honorarium	10,000	10,000
Travelling and meeting expenses	9,715	10,202
Consultancy fees	1,517	-
	<u>136,830</u>	<u>110,871</u>
Grant funding of activities (see note 6)	(5,010)	558,863
Support costs (see note 7)	9,440	3,570
Governance costs (see note 7)	3,942	3,240
	<u>145,202</u>	<u>676,544</u>
<b>Analysis by fund</b>		
Unrestricted funds	<u>145,202</u>	
	<u>145,202</u>	
<b>For the year ended 31 May 2016</b>		
Unrestricted funds		151,147
Restricted funds		525,397
		<u>676,544</u>

### 6 Grants payable

	2017	2016
	£	£
Grants to institutions:		
University of Aberdeen	-	46,276
The Institute of Aquaculture	-	135,381
MRAG Limited	(10)	113,850
University of Portsmouth	-	29,880
Scottish Association for Marine Science	-	82,333
University of Strathclyde	-	51,060
NAFC Marine Centre	-	49,993
CEFAS	-	45,000
Marine Scotland Science	(5,000)	5,090
	<u>(5,010)</u>	<u>558,863</u>

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 6 Grants payable

(Continued)

There have been no new projects committed in the year to 31 May 2017 as explained in the Financial Review section of the Trustees' Report.

The credits included within grants payable in 2017 relate to the following:

MRAG Ltd - over accrual of £10 in 2016

Marine Scotland Science - £5,000 credit due to the project FIS005B being abandoned in the year

### 7 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Insurance	1,124	-	1,124	681	Direct
Postage, stationery and computer expenses	2,117	-	2,117	1,821	Direct
Advertising	5,220	-	5,220	217	Direct
Subscriptions	334	-	334	348	Direct
Bank charges	632	-	632	503	Direct
Sundry expenses	13	-	13	-	Direct
Audit fees	-	3,300	3,300	3,240	Direct
Legal and professional	-	642	642	-	Direct
	<u>9,440</u>	<u>3,942</u>	<u>13,382</u>	<u>6,810</u>	
Analysed between					
Charitable activities	<u>9,440</u>	<u>3,942</u>	<u>13,382</u>	<u>6,810</u>	

### 8 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the company's auditor and associates:	2017	2016
	£	£
Audit of the company's annual accounts	<u>3,300</u>	<u>3,240</u>

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 9 Trustees

None of the trustees and key management personnel (or any persons connected with them) received any remuneration during the year.

During the year, 1 of the trustees received an honorarium of £10,000 (2016 - £10,000) and 4 of the trustees were reimbursed travel and meeting expenses amounting to £5,886 (2016 - 3 trustees reimbursed £3,204). The payment to trustees is permitted under clause 10.4.1 and 10.4.2 of the charity's constitution.

### 10 Employees

There were no employees during the year.

The Executive Director is remunerated through the secretariat costs disclosed in note 5 of the accounts.

<b>11 Financial instruments</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Measured at amortised cost	818,951	928,928
	=====	=====
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	151,537	568,703
	=====	=====
<b>12 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Other debtors	176,878	332,624
Prepayments and accrued income	1,786	4,177
	=====	=====
	178,664	336,801
	=====	=====
<b>13 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	6,450	6,690
Accruals and deferred income	145,087	562,013
	=====	=====
	151,537	568,703
	=====	=====

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 14 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 May 2017 are represented by:			
Current assets/(liabilities)	669,200	-	669,200
	<u>669,200</u>	<u>-</u>	<u>669,200</u>

### 15 Related party transactions

#### Transactions with related parties

Some of the trustees represent the member organisations of the company and during the period income received from these organisations amounted to £425,000 (2016 - £425,000) as detailed in note 3. In instances where the organisation that a trustee represents has a vested interest in a research proposal, the trustee will remove themselves from the evaluation and voting process in relation to that proposal.

Marine Scotland was carrying out one of the projects but it has been abandoned during the year resulting in a credit to the statement of financial position of £5,000 for the opening project accrual (2016 - costs during the period - £5,090).