

**Charity Registration No. SC045119 (Scotland)**

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

**FISHERIES INNOVATION SCOTLAND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2019**

# FISHERIES INNOVATION SCOTLAND

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr J H Goodlad (Chairman) Mr A W Dingwall Mr M E Mitchell Mr A G Gibb Mr M Coleman Ms H R Farr Mr T W Lewis Prof M J Kaiser Ms E M MacDonald	(Appointed 1 August 2019) (Appointed 2 September 2019)
<b>Secretary</b>	J & H Mitchell LLP	
<b>Charity number (Scotland)</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	

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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 2019**

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The trustees present their report and financial statements for the year ended 31 May 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") 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).

### **Objectives and activities**

FIS believes that innovation is the key to releasing untapped potential for greater prosperity and sustainability in Scotland's seafood industry.

FIS is a unique public-private collaboration between seafood experts, government and scientists to champion innovation in the Scottish fishing industry.

FIS commissions multidisciplinary research projects to support profitable, sustainable fisheries and champions projects which will make the greatest positive change for Scotland's seafood industry and the people driving it.

FIS creates a non-competitive environment for collaboration, bringing seafood experts, government and scientists together to champion innovation in the Scottish fishing industry.

### **Activities during this fifth year of FIS operation**

- FIS continues to engage directly with industry to identify opportunities for innovation and help improve the effectiveness of FIS research. FIS promoted its research and shared expertise at major industry events and meetings, as well as one-to-one discussions with skippers, industry groups and companies working in Scotland.
- FIS has connected to the wider academic and innovation communities in Scotland and beyond, to raise awareness of our research and to learn from their experience of supporting innovation. We have identified opportunities for innovation and 'added value' collaborations with a clear pathway to impact on the water.
- FIS has increased engagement across social media through the use of short videos to highlight FIS projects, news and sector announcements. We launched our new website, which includes a library of 160 images of the Scottish fishing industry shared by Scottish skippers in the FIS Photo Competition. The new FIS You Tube channel acts as a hub for live-recorded workshops which can be accessed across the world.
- The FIS Board agreed a 3-year workplan and broad workstreams in which to direct project spend. These workstreams are improving trust and data quality; disruptive gear; opportunity identification; building capacity and investing in people. These workstreams build on previous FIS research to focus on new opportunities for the Scottish sector and drive market advantage and leadership.
- The Secretariat, supported by the Board and Technical Advisory Committee, managed nine 'problem solving science' projects, including innovation in intelligent in-water selectivity, novel approaches using low-carbon fish traps, strategies to manage benthic footprint of fishing. Tasks included advertising, assessing and commissioning projects, hosting inception and steering group meetings, and then peer review and publication of final reports.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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- FIS commissioned an independent review of the effectiveness of FIS projects and their impact on problem solving within the sector. The review has helped identify ways in which FIS projects can optimise their 'pathway to impact'.
- There were two meetings of the FIS Board and two meetings of the FIS Technical Advisory Committee, plus a joint workshop to improve the effectiveness of FIS research. Two new members of the Technical Advisory Committee - Cameron Moffat and Professor Michael Kaiser were appointed.
- FIS secured member funding for the period and managed claims for European Maritime and Fisheries Fund support for project match funding.

#### **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.

#### **Achievements and performance**

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

- FIS organised and hosted the Biannual Scottish Fisheries conference in St Andrews on 9-10 July 2018. The conference, with the theme "Fisheries Management in Changing Times", was attended by 102 individuals from 78 organisations, and speakers included the deputy prime minister of the Faroe Islands and the Director General of the Norwegian Department of Fisheries.
- FIS employed its first full time staff member. Kara Brydson was recruited as Executive Director in October 2018.
- FIS project FIS028 *Workshop on resilience to climate change*, was completed, hosting an international 5-day workshop on fish distribution with the University of Aberdeen. The project also produced a public event with 100 guests and presentations on climate change impacts on fish growth and yields in Scotland. Project findings have been presented to conferences in Scotland, Sweden and South Africa.
- FIS project FIS020 *Feasibility study into a scientific self-sampling programme for the pelagic industry*, with project partners the Scottish Pelagic Fishermen's Association and University of Aberdeen, won the 2019 Fishing News Sustainability Award.
- FIS commissioned new project FIS030 with Project UK Fisheries Improvement, to develop a habitat management plan for the North Sea to protect high risk habitats from lemon sole fishing gear.
- The FIS Travel Bursary, now in its third year, is awarded to applicants with the best proposal for a short international study trip that will help further their career and their ability to contribute to the sector in Scotland. Nicole Anderson, winner of the 2019 Travel Bursary, works for the Clyde Fisherman's Trust and will travel to Maine, USA, where she will meet with the Maine Coast Fishermen's Association and attend the Maine Lobster Festival.
- FIS' Executive Director chaired the fishing gear session at The British Irish Council's Ministerial on Marine Litter. The Ministerial Communiqué noted that BIC administrations now commit to "working with industry to develop solutions for the collection and recycling of end of life fishing gear from its main fishing ports."

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2019

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#### Financial review

Results for the year ended 31 May 2019 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 23.

In summary, income amounted to £307,167 (2018 - £277,530), expenditure totalled £163,235 (2018 - £586,355), resulting in net income for the year of £143,932 (2018 - net expenditure -£308,825).

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.

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 contributions from all Member organisations and committing funds within the constraints of these 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 2019 this amounted to £160,733 therefore three months amounts to approximately £40,183. At the end of the reporting period the total funds held amounted to £468,276 which are all in respect of unrestricted funds 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.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

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### **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, 2019/20, 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 2018/19; advertise and commission new research projects for 2019/20 including continuation of the FIS Scottish Smartrawl project and a new International Travel Bursary; plan for the 2020 Scottish Fishing Conference; and represent the organisation and the wider Scottish seafood community at workshops, conferences and other similar events.

### **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 year and up to the date of signature of the financial statements were:

Mr J H Goodlad (Chairman)	
Mr A W Dingwall	
Mr C A Armstrong	(Resigned 2 September 2019)
Mr M E Mitchell	
Mr A G Gibb	
Mr M Coleman	
Ms H R Farr	
Mr T W Lewis	
Prof M J Kaiser	(Appointed 1 August 2019)
Ms E M MacDonald	(Appointed 2 September 2019)

From our 9 Member organisations listed below, 8 trustees, together with designated alternates, have been recruited (in addition, the chairman is also an elected trustee). The exceptions as at 31 May 2019 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.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

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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
- Funding Fish
- Marks and Spencer
- Herriot Watt University (from August 2019)

### **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, Kara Brydson. 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 9 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.

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 (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

### Details of organisational structure

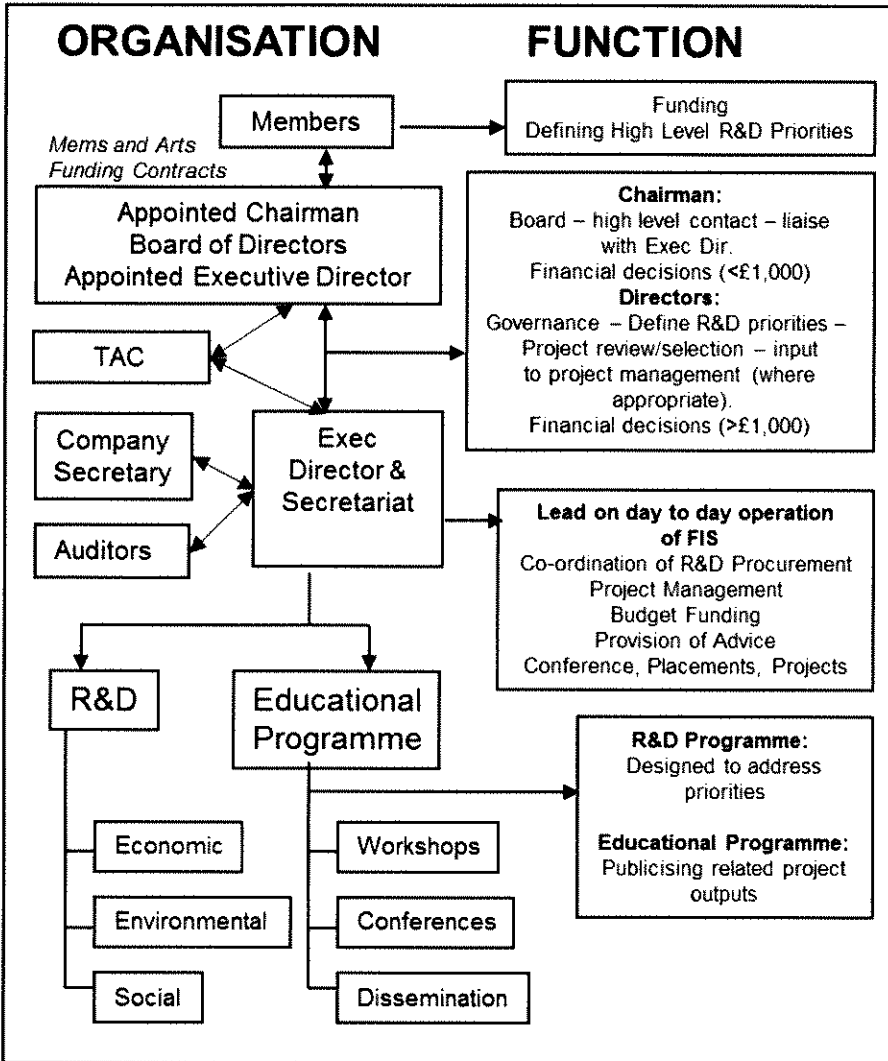


Figure 1. Organisational diagram of FIS operational structure and related functions.

# FISHERIES INNOVATION SCOTLAND

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

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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 also referred to the OSCR website for guidance on Trustees Responsibilities and 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

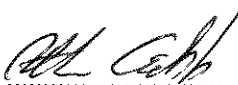
In accordance with the company's articles, a resolution proposing that Johnston Carmichael LLP be reappointed as auditor of the company will be put at a General Meeting.

### 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 A G Gibb**

Trustee

Dated: 25/11/2019



**Mr T W Lewis**

Trustee

Dated: 25/11/2019

# **FISHERIES INNOVATION SCOTLAND**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MAY 2019***

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

Company law requires the trustees to prepare financial statements 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 period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- 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 financial statements; and
- prepare the financial statements 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. 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 financial statements may differ from legislation in other jurisdictions.

# FISHERIES INNOVATION SCOTLAND

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES AND MEMBERS OF FISHERIES INNOVATION SCOTLAND

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#### **Opinion**

We have audited the financial statements of Fisheries Innovation Scotland (the 'charitable company') for the year ended 31 May 2019 which comprise the statement of financial activities, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2019 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; 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# FISHERIES INNOVATION SCOTLAND

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES AND MEMBERS OF FISHERIES INNOVATION SCOTLAND

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate and proper accounting records have not been kept, 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, set out on page 8, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# FISHERIES INNOVATION SCOTLAND

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES AND MEMBERS OF FISHERIES INNOVATION SCOTLAND

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

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 charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's 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, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

..25/11/2019

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

66 Tay Street  
Perth  
PH2 8RA

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

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# FISHERIES INNOVATION SCOTLAND

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MAY 2019

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	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b><u>Income from:</u></b>					
Donations and legacies	3	270,000	37,167	307,167	277,530
		<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Expenditure on:</u></b>					
Charitable activities	4	163,235	-	163,235	586,355
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net income/(expenditure)</b>		106,765	37,167	143,932	(308,825)
Transfers between funds		42,167	(42,167)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>		148,932	(5,000)	143,932	(308,825)
<b>Reconciliation of Funds</b>					
Fund balances at 1 June 2018		355,375	5,000	360,375	669,200
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances at 31 May 2019</b>		504,307	-	504,307	360,375
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

# FISHERIES INNOVATION SCOTLAND

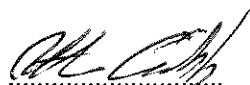
## BALANCE SHEET

AS AT 31 MAY 2019

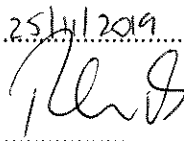
	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	10		1,189		-
<b>Current assets</b>					
Debtors	12	37,167		1,046	
Cash at bank and in hand		767,992		829,938	
		<u>805,159</u>		<u>830,984</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(302,041)</u>		<u>(364,526)</u>	
Net current assets			503,118		466,458
<b>Total assets less current liabilities</b>			504,307		466,458
<b>Creditors: amounts falling due after more than one year</b>	14		-		(106,083)
<b>Net assets</b>			<u>504,307</u>		<u>360,375</u>
<b>The Funds of the Charity</b>					
Restricted funds	16		-		5,000
Unrestricted funds			504,307		355,375
			<u>504,307</u>		<u>360,375</u>

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

The financial statements were approved by the Trustees on 25 July 2019



Mr A G Gibb  
Trustee



Mr T W Lewis  
Trustee

Company Registration No. SC477579



# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 MAY 2019*

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### 1 Accounting policies

#### Charity 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 financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") section 1A applicable to small entities 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).

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

The charity has availed itself of S396 of the Companies Act 2006, as permitted in paragraph 4(1) 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 financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for at least the next 12 months. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 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 financial statements.

#### 1.4 Income

Income is recognised when the charitable company is 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.

Donation and gifts represent the member's donation to the charity and is recognised when the amounts can be measured and it is probable that the income will be received

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

#### 1.5 Expenditure

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 2019

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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.

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 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer equipment	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

The charitable company 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 charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and bank balances, are measured at transaction price including transaction costs.

##### **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.

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### **2 Critical accounting estimates and judgements**

In the application of the charitable company'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 2019

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	270,000	-	270,000	280,000
Government grants	-	37,167	37,167	(2,470)
	<u>270,000</u>	<u>37,167</u>	<u>307,167</u>	<u>277,530</u>
<b>For the year ended 31 May 2018</b>				
Donations and gifts	275,000	5,000		280,000
Government grants - recognised but not received	(2,470)	-		(2,470)
	<u>272,530</u>	<u>5,000</u>		<u>277,530</u>
<b>Donations and gifts</b>				
Marine Scotland	100,000	-	100,000	100,000
Funding Fish	20,000	-	20,000	30,000
Scottish Fishermen's Federation	25,000	-	25,000	25,000
Seafish Industry	25,000	-	25,000	25,000
Young's Seafood Ltd	25,000	-	25,000	25,000
Scottish Natural Heritage	25,000	-	25,000	25,000
Sainsbury's Supermarkets Ltd	25,000	-	25,000	25,000
Marks and Spencers	25,000	-	25,000	25,000
	<u>270,000</u>	<u>-</u>	<u>270,000</u>	<u>280,000</u>
<b>Grants receivable for core activities</b>				
European Maritime and Fisheries Fund	-	37,167	37,167	-
Grants recognised but not received	-	-	-	(2,470)
	<u>-</u>	<u>37,167</u>	<u>37,167</u>	<u>(2,470)</u>

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

### 4 Charitable activities

	2019 £	2018 £
Staff costs	37,973	-
Depreciation and impairment	595	-
Secretariat costs	42,441	66,723
Conferences and seminars	28,455	20,432
Programme expenses and referee payments	2,711	2,180
Chairman's honorarium	10,000	10,000
Travelling and meeting expenses	7,829	6,775
	<u>130,004</u>	<u>106,110</u>
Grant funding of activities (see note 5)	2,502	462,597
Support costs (see note 6)	26,649	14,288
Governance costs (see note 6)	4,080	3,360
	<u>163,235</u>	<u>586,355</u>
<b>Analysis by fund</b>		
Unrestricted funds	<u>163,235</u>	<u>586,355</u>

### 5 Grants payable

	2019 £	2018 £
Grants to institutions:		
University of Aberdeen	-	277,207
Marine Scotland Science	-	106,040
Anderson Solutions (Consulting) Ltd	-	34,335
JNCC	-	29,762
NAFC Shetland	-	12,500
University of Strathclyde	-	3
MRAG Ltd	-	(988)
University of Stirling	-	(205)
	<u>-</u>	<u>458,654</u>
Grants to individuals	2,502	3,943
	<u>2,502</u>	<u>462,597</u>

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

### 5 Grants payable

(Continued)

The grants payable by FIS are recognised in full in the period that they are committed and as there have been no new projects committed this year, there are no grants to institutions recognised in 2019. The total grants payable towards ongoing projects has been recognised in the 2018 accounts.

The credits included within grants payable in 2018 relate to the following:

MRAG Ltd - over accrual of £988 in 2017  
University of Stirling - over accrual of £205 in 2017

### 6 Support costs

	Support costs	Governance costs	2019	2018	Basis of allocation
	£	£	£	£	
Insurance	1,161	-	1,161	1,106	Direct
Postage, stationery and computer expenses	10,101	-	10,101	3,313	Direct
Advertising	8,990	-	8,990	9,210	Direct
Telephone	398	-	398	-	Direct
Subscriptions	-	-	-	84	Direct
Payroll costs	630	-	630	-	Direct
Recruitment costs	4,573	-	4,573	-	Direct
Bank charges	636	-	636	561	Direct
Sundry expenses	160	-	160	14	Direct
Audit fees	-	4,080	4,080	3,360	Direct
	<u>26,649</u>	<u>4,080</u>	<u>30,729</u>	<u>17,648</u>	
Analysed between					
Charitable activities	<u>26,649</u>	<u>4,080</u>	<u>30,729</u>	<u>17,648</u>	

### 7 Auditor's remuneration

Fees payable to the auditors:	2019	2018
	£	£
Audit of the annual accounts	<u>4,080</u>	<u>3,360</u>

### 8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. Key management personnel remuneration is disclosed in note 9.

During the year, 1 of the trustees received an honorarium of £10,000 (2018 - £10,000) and 3 of the trustees were reimbursed travel and meeting expenses amounting to £2,410 (2018 - 3 trustees reimbursed £2,488). The payment to trustees is permitted under clause 10.4.1 and 10.4.2 of the charity's constitution.

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 9 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Executive Director	1	-

#### Employment costs

	2019 £	2018 £
Wages and salaries	26,403	-
Social security costs	10,664	-
Employer's contribution to defined contribution pension schemes	906	-
	<u>37,973</u>	<u>-</u>

There were no employees whose annual remuneration was £60,000 or more.

### 10 Tangible fixed assets

	Computer equipment £
<b>Cost</b>	
Additions	1,784
At 31 May 2019	<u>1,784</u>
<b>Depreciation and impairment</b>	
Depreciation charged in the year	595
At 31 May 2019	<u>595</u>
<b>Carrying amount</b>	
At 31 May 2019	<u>1,189</u>

### 11 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	767,992	829,938
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>300,655</u>	<u>470,609</u>

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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<b>12 Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Other debtors	37,167	-
Prepayments and accrued income	-	1,046
	<u>37,167</u>	<u>1,046</u>
	<u><u>37,167</u></u>	<u><u>1,046</u></u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other taxation and social security	1,386	-
Trade creditors	19,434	11,545
Other creditors	107	-
Accruals and deferred income	281,114	352,981
	<u>302,041</u>	<u>364,526</u>
	<u><u>302,041</u></u>	<u><u>364,526</u></u>
<b>14 Creditors: amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	-	106,083
	<u>-</u>	<u>106,083</u>
	<u><u>-</u></u>	<u><u>106,083</u></u>

### 15 Retirement benefit schemes

#### Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

The charge to statement of financial activities in respect of defined contribution schemes was £906 (2018 - £-).



# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 16 Restricted funds

The income funds of the charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Balance at 1 June 2018 £	Movement in funds			Balance at 31 May 2019 £
		Income	Expenditure	Transfers	
	£	£	£	£	£
Funding Fish	5,000	-	-	(5,000)	-
European Maritime and Fisheries Fund (EMFF)	-	37,167	-	(37,167)	-
	<u>5,000</u>	<u>37,167</u>	<u>-</u>	<u>(42,167)</u>	<u>-</u>

The donation is purposed for strengthening the communication of the results and benefits of Fisheries Innovation Scotland supported projects to key audiences.

In 2018 Funding Fish requested that the donation of £5,000 that they had made for the above, be transferred to unrestricted funds and used towards their membership income fees.

EMFF have provided a grant to the charity towards specific projects and have agreed to fund up to 50% of the eligible costs of these projects. The grants payable by FIS in relation to these projects are recognised in the accounts once they have been committed and due to the timing of the commitment, were recognised as unrestricted funds in the previous year. A transfer of the grant receivable is therefore being allocated from restricted funds to unrestricted funds to account for the portion of expenditure funded by EMFF but accrued in the 2018 accounts.

### 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 May 2019 are represented by:			
Tangible assets	1,189	-	1,189
Current assets/(liabilities)	503,118	-	503,118
	<u>504,307</u>	<u>-</u>	<u>504,307</u>

# FISHERIES INNOVATION SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MAY 2019*

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### 18 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 £245,000 (2018 - £255,000) 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.