

Charity Registration No. SC045119

Company Registration No. SC477579 (Scotland)

FISHERIES INNOVATION SCOTLAND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

FISHERIES INNOVATION SCOTLAND

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr J H Goodlad (Chairman) Mr M Park Mr S O Parry Mr A W Dingwall Mr C A Armstrong Mr M R Palmer Mr M E Mitchell
Secretary	J & H Mitchell LLP
Executive director	Mr R Slaski
Charity number	SC045119
Company number	SC477579
Registered office	PO Box 7223 PITLOCHRY PH16 9AF
Auditor	Johnston Carmichael LLP 66 Tay Street PERTH PH2 8RA

FISHERIES INNOVATION SCOTLAND

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FISHERIES INNOVATION SCOTLAND

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MAY 2016

The trustees present their report and accounts for the year ended 31 May 2016.

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 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) (effective 1 January 2015)"

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 an Annual Scottish Fishing Conference and organising international exchanges for young fishers are important in furthering FIS's objectives. There has been no change in these policies during the reporting period.

Details of the activities of the charity during the year

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

- Maintaining Board and Secretariat functions / relationships
- Securing Member funding as agreed
- Application for European Maritime and Fisheries Fund support for project match funding
- Appointment of one new TAC member
- Board and TAC meetings
- Research prioritisation exercise and advertisement of second round of FIS Calls for Proposals
- Assessment of applications
- Decision on commissioning of eight new FIS projects, designated FIS010 to FIS015 (FIS010, FIS011 A, FIS011 B, FIS012 A, FIS012 B, FIS013, FIS014 and FIS015)
- Contracting FIS010 to FIS015 and holding initial inception meetings with all contractors
- Commencing on organisation of the second Annual Scottish Fishing Conference for 2016
- Commencing on organisation of international placements project for 2016
- Attendance at SeaWeb Seafood Summit conference in Malta in February

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 2016

Achievements and performance

The projects FIS001 to FIS007, together with the first Annual Scottish Fishing Conference and the first international placements projects (designated FIS008 and FIS009) were all delivered satisfactorily within the reporting period. FIS also commissioned its' second sound of new research projects (FIS010 to FIS015) in the reporting period, as well as adding an extension to FIS005 from the previous year, designated as FIS005 B. Preparations for the 2016 Annual Scottish Fishing Conference and International placements projects began before the end of the reporting period. The key achievements within the reporting period can be summarised as:

- Successful award of claim on an EFF grant to assist with match-funding FIS projects FIS001 to FIS009
- Successful completion, peer review and publication of projects FIS001 to FIS007
- Successful delivery on ASFC 2015 and International Placements project 2015
- 16 applications responding to the second FIS Call for Proposals
- Leading to a competitive assessment for the best projects – with 8 being selected and commissioned to a total value of £554,352
- Application to the European Maritime and Fisheries Fund for grant support for the eight projects FIS010 to FIS015
- Note that a proportion of the available 2016 research project budget has been retained with a view to funding mid-year follow-up projects arising from (principally) project FIS011 A
- Extension to FIS005 approved with a value of £5,000
- A successful start was made to the organisation of the second Annual Scottish Fishing Conference, and the international placements project.

Financial review

Results for the year ended 31 May 2016 are given in the Statement of Financial Activities on page 10. The assets and liabilities are given in the Balance Sheet on page 11. The financial statements should be read in conjunction with the related notes which appear on pages 13 to 19.

In summary, income amounted to £1,000,815 (2015 - £618,309), expenditure totalled £676,544 (2015 - £578,178), resulting in net income for the year of £324,271 (2015 - £40,131).

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 2016

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 support costs expenditure for the year. At 31 May 2016 total support costs amounted to £116,696 and therefore three months amounts to approximately £29,000. At the end of the reporting period the total funds held amounted to £364,402 of which £31,778 are unrestricted and £332,624 are restricted 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, 2016/17, 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 2015/16; advertise and commission new research projects for 2016/17; finalise and host the 2016 Annual Scottish Fishing Conference; commence organisation of the 2017 Annual Scottish Fishing Conference; organise an International Placements/Exchange project for 2017; and represent the organisation and the wider Scottish fishing 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.

FISHERIES INNOVATION SCOTLAND

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

FOR THE YEAR ENDED 31 MAY 2016

The trustees, who are also the directors for the purpose of company law, and who served during the year and since the year end were as follows:

Mr J H Goodlad (Chairman)

Mr M Park

Mr S O Parry

Mr A W Dingwall

Mr C A Armstrong

Mr M R Palmer

Mr M E Mitchell

Ms M Siggs

(Appointed 1 November 2015 and resigned 25 January 2016)

From our 8 Member organisations listed below, 6 trustees, together with designated alternates, have been recruited (in addition, the chairman is also an elected trustee). The exceptions as at 31st May 2016 are Scottish Natural Heritage, which has yet to nominate a Trustee to the Board and the Environmental Defence Fund have yet to re-appoint a new trustee after a change of staff. 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
- Scottish White Fish Producers Association
- Marine Scotland
- Scottish Fishermen's Federation
- Seafish
- Young's Seafood
- Scottish Natural Heritage
- Environmental Defence Fund

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 7 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.

FISHERIES INNOVATION SCOTLAND

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2016

The work of FIS is supported by a Technical Advisory Committee (TAC), whose members are selected by the Board on their 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.

Details of organisational structure

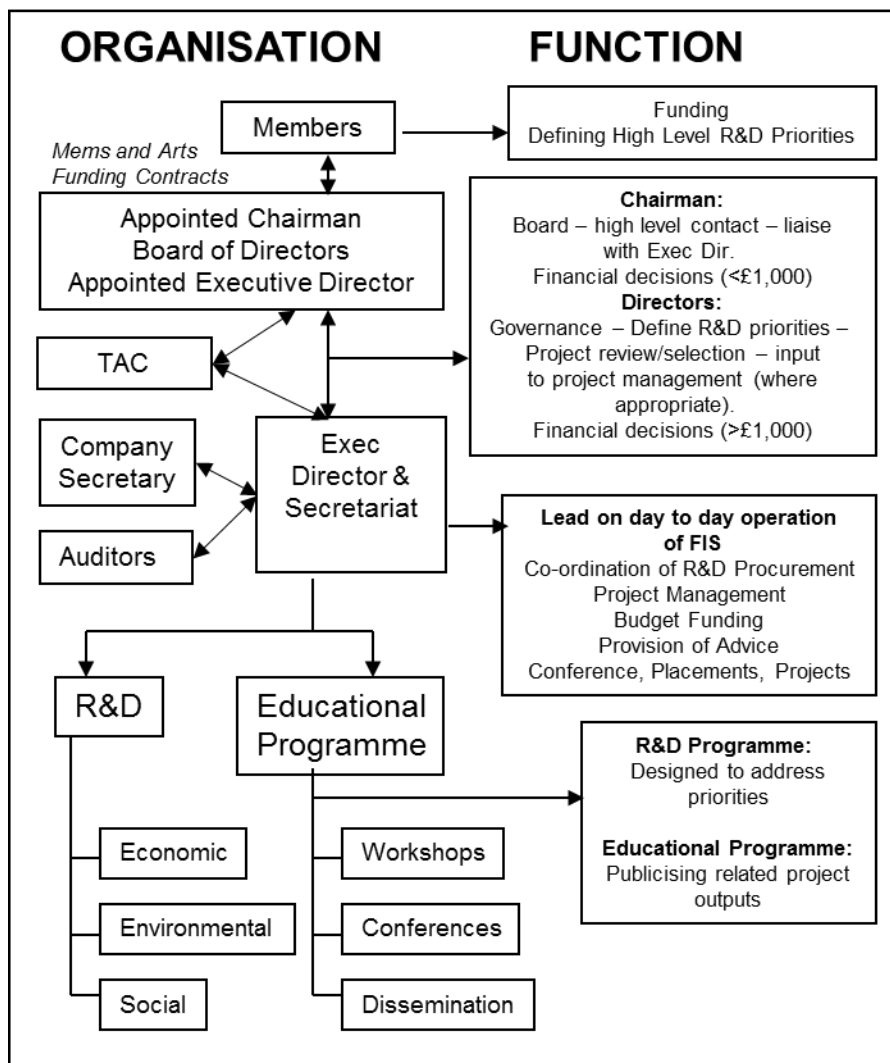


Figure 1. Organisational diagram of FIS operational structure and related functions.

FISHERIES INNOVATION SCOTLAND

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2016

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.

Statement of trustees' responsibilities

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 charitable company to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity 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);
- 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.

FISHERIES INNOVATION SCOTLAND

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MAY 2016

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 S O Parry

Trustee

Dated:

FISHERIES INNOVATION SCOTLAND

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FISHERIES INNOVATION SCOTLAND

We have audited the financial statements of Fisheries Innovation Scotland for the year ended 31 May 2016 set out on pages 10 to 19. 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".

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, 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 6, 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 2016 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 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

FISHERIES INNOVATION SCOTLAND

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FISHERIES INNOVATION SCOTLAND

Matters on which we are required to report by exception

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

.....

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 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<u>Income from:</u>					
Donations and legacies	3	475,000	525,397	1,000,397	618,309
Other income	4	418	-	418	-
Total income and endowments		475,418	525,397	1,000,815	618,309
<u>Expenditure on:</u>					
Charitable activities	5	483,771	192,773	676,544	578,178
Net (expenditure)/income for the year/ Net movement in funds		(8,353)	332,624	324,271	40,131
Reconciliation of Funds					
Fund balances at 1 June 2015		40,131	-	40,131	-
Fund balances at 31 May 2016		31,778	332,624	364,402	40,131

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 2016

	Notes	2016 £	£	2015 £	£
Current assets					
Debtors	11	336,801		354,233	
Cash at bank and in hand		596,304		433,511	
		<u>933,105</u>		<u>787,744</u>	
Creditors: amounts falling due within one year	12	(568,703)		(297,613)	
Net current assets			364,402		490,131
Deferred income	13		-		(450,000)
Net assets			<u>364,402</u>		<u>40,131</u>
The funds of the charity:					
Restricted funds	14		332,624		-
Unrestricted funds			31,778		40,131
			<u>364,402</u>		<u>40,131</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

.....
Mr S O Parry
Trustee

.....
Mr M R Palmer
Trustee

Company Registration No. SC477579

FISHERIES INNOVATION SCOTLAND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	17	162,793	433,511
Net cash used in investing activities		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		<u>162,793</u>	<u>433,511</u>
Cash and cash equivalents at beginning of year		433,511	-
Cash and cash equivalents at end of year		<u><u>596,304</u></u>	<u><u>433,511</u></u>
Relating to:			
Bank balances and short term deposits		<u><u>596,304</u></u>	<u><u>433,511</u></u>

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

Company information

Fisheries Innovation Scotland is a charitable company limited by guarantee incorporated in Scotland. The registered office 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"), "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 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.

These accounts for the year ended 31 May 2016 are the first accounts of Fisheries Innovation Scotland prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 14 May 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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 2016

1 Accounting policies

(Continued)

Charitable expenditure is incurred in direct pursuance of the charity's principal objects and as set out in the director's 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, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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.

Derecognition of financial liabilities

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

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies (Continued)

1.8 VAT

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

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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	475,000	525,397	1,000,397	618,309
For the year ended 31 May 2015	<u>450,000</u>	<u>168,309</u>		<u>618,309</u>

4 Other income

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Other income	418	-	418	-
For the year ended 31 May 2015	<u>-</u>	<u>-</u>		<u>-</u>

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

5 Charitable activities

	2016 £	2015 £
Secretariat costs	33,383	-
Conferences and seminars	54,808	-
Programme expenses and referee payments	2,478	-
Chairman's honorarium	10,000	-
Travelling and meeting expenses	10,202	-
Insurance	681	-
Postage, stationery and computer costs	1,641	-
Advertising	397	-
Subscriptions	348	-
Bank charges	503	51
Audit fees	3,240	3,000
	<u>117,681</u>	<u>3,051</u>
Grant funding of activities (see note 6)	558,863	575,127
	<u>676,544</u>	<u>578,178</u>
Analysis by fund		
Unrestricted funds	483,771	
Restricted funds	192,773	
	<u>676,544</u>	
For the year ended 31 May 2015		
Unrestricted funds		409,869
Restricted funds		168,309
		<u>578,178</u>

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

6 Grants payable

	2016 £	2015 £
Grants to institutions:		
University of Aberdeen	46,276	340,331
The Institute of Aquaculture	135,381	-
MRAG Limited	113,850	-
University of Portsmouth	29,880	87,444
Scottish Association for Marine Science	82,333	-
University of Stirling	-	74,956
University of Strathclyde	51,060	58,210
NAFC Marine Centre	49,993	-
CEFAS	45,000	-
Marine Scotland Science	5,090	14,186
	<u>558,863</u>	<u>575,127</u>

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the company's auditor and associates:

	2016 £	2015 £
Audit of the company's annual accounts	<u>3,240</u>	<u>3,000</u>

8 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 (2015 - £nil) and 3 of the trustees were reimbursed travel and meeting expenses amounting to £3,204 (2015 - £nil).

9 Employees

There were no employees during the year.

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

10 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>928,928</u>	<u>783,511</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>568,703</u>	<u>297,613</u>

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

11 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Other debtors	332,624	350,000
Prepayments and accrued income	4,177	4,233
	<u>336,801</u>	<u>354,233</u>

12 Creditors: amounts falling due within one year

	2016	2015
	£	£
Other creditors	6,690	7,093
Accruals and deferred income	562,013	290,520
	<u>568,703</u>	<u>297,613</u>

13 Deferred income

	2016	2015
	£	£
Other deferred income	-	450,000
	<u>-</u>	<u>450,000</u>

14 Restricted funds

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

	Movement in funds			
	Balance at 1 June 2015	Income	Expenditure	
	£	£	£	£
Scottish Government	-	525,397	(192,773)	332,624
	<u>-</u>	<u>525,397</u>	<u>(192,773)</u>	<u>332,624</u>

The Scottish Government grant has been awarded from the European Fisheries Fund to contribute towards better management or conservation of resources and to promote partnership between scientists and operators in the fisheries sector.

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 May 2016 are represented by:			
Current assets/(liabilities)	31,778	332,624	364,402
	<u>31,778</u>	<u>332,624</u>	<u>364,402</u>

16 Related party transactions

No guarantees have been given or received.

Some of the directors represent one of the member organisations of the company and during the period income received from these organisations amounted to £425,000 (2015 - £425,000). In instances where the organisation that a directors represents has a vested interest in a research proposal, the directors will remove themselves from the evaluation and voting process in relation to that proposal.

Marine Scotland is currently carrying out one of the projects and costs during the period on the project amounted to £5,090 (2015 - £7,093).

17 Net cash provided by (used in) operating activities

	2016 £	2015 £
Net income for the reporting period (as per the statement of financial activities)	324,271	40,131
Movements in working capital:		
Decrease/(increase) in debtors	17,432	(354,233)
Increase in creditors	271,090	297,613
(Decrease)/increase in deferred income	(450,000)	450,000
Cash provided by operations	<u>162,793</u>	<u>433,511</u>