

Charity Registration No. SC045119 (Scotland)

Company Registration No. SC477579 (Scotland)

FISHERIES INNOVATION SCOTLAND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

FISHERIES INNOVATION SCOTLAND

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr J H Goodlad (Chairman) Mr A W Dingwall Mr M E Mitchell Mr A G Gibb Mr M Coleman Ms H R Farr Ms E M MacDonald	(Appointed 2 September 2019)
Secretary	J & H Mitchell LLP	
Charity number (Scotland)	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 2020

The trustees present their report and financial statements for the year ended 31 May 2020.

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

Fisheries Innovation Scotland (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.

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

FIS champions projects which will make the greatest positive change for Scotland's seafood industry and the people driving it.

Activities during this sixth year of operation

- In this year, FIS managed 8 'problem-solving science' projects, including taking the next steps to realise intelligent in-water selectivity, at-sea testing of novel low-carbon fish traps, and developing a system of real time reporting to avoid bycatch hotspots. Tasks included assessing proposals and commissioning projects, hosting inception and steering group meetings, and coordinating peer review and publication of interim and final reports.
- FIS began a comprehensive prioritisation exercise, liaising directly with the Scottish seafood industry and wider stakeholders to identify the most pressing innovation needs to help transform the way the industry performs – environmentally, economically and socially. FIS received 129 'critical questions' from stakeholders which will inform the next call for proposals and improve the effectiveness of FIS research.
- FIS developed a suite of tools to improve the transparency and accountability of its decision making and project commissioning, including clear project assessment criteria and 'pathway to impact' guidance for project partners. These tools are widely promoted on FIS social media and on a dedicated page on the FIS website.
- In this period FIS held two meetings of the Board and one meeting of the Technical Advisory Committee, and one joint meeting of the Board and TAC at the time of the FIS AGM. A subgroup of the TAC was convened on two occasions to consider the stakeholder responses to our prioritisation exercise. FIS welcomed two new members of the TAC, taking membership to 14 experts from academia, processing, catching, fisheries management and environmental NGOs.

FISHERIES INNOVATION SCOTLAND

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

FOR THE YEAR ENDED 31 MAY 2020

- From the World Ocean Council, to the Shellfish Association of Great Britain and the Scottish Fishing Museum, FIS has promoted its research and shared expertise at major industry, science and policy events, as well as one-to-one discussions with skippers, seafood groups, commercial companies and innovators.
- FIS secured member funding for the period and completed claims for European Maritime and Fisheries Fund support for project match funding.

Impacts of COVID-19

A full programme for the FIS Scottish Fishing Conference 2020 was designed and 130 delegates registered before the event had to be cancelled due to the coronavirus pandemic. The expenses incurred in organising and promoting the conference, including the convening focus groups, designing the conference webpages and liaising with speakers are non-refundable as this work was completed.

Two FIS projects have experienced delays caused by the pandemic, but neither will have a financial impact on FIS. FIS025 *Novel approaches to fish catching and surveying using traps* was completed in March 2020 but the project contractor - Marine Scotland Science - identified an opportunity to improve the final report with further vessel research time at sea. To allow this additional work to be undertaken when when routine at-sea deployments resume, the FIS project report will be enhanced and published by Spring 2021. This has no financial implications to FIS or the project.

FIS024A *Scottish Smartrawl 2.5* focuses on the acquisition of an underwater modem to transfer information from a net-based camera system to the vessel. The build of this equipment was affected by delays to deliveries of components sourced from China at the very start of the global crisis. Later UK lockdowns then delayed tests at sea but deployments will be made as soon as restrictions are fully lifted. Again, there is no financial implications to FIS or the project as the project funders have agreed an extension to the project.

Achievements and performance

Notable achievements within the reporting period include:

- Unwanted by-catch and discards of fish are a global concern, threatening the sustainability of fisheries through economic, biological and ecological losses. The Scottish fishing industry seeks practical, effective solutions to prevent unwanted bycatch. Since 2016, FIS and the University of Aberdeen have been developing technology solutions to allow in-water identification and grading of fish, known as Smartrawl. This year saw the completion of Smartrawl Phase 2 where the autonomous underwater stereo camera system was further developed. FIS received Scottish Government funding to progress specific components of the system and test them at sea. Phase 3 will bring together the component pieces of the Smartrawl system to allow Scottish skippers to select fish in the trawl.
- FIS is committed to supporting the professional development of current and future Scottish industry leaders through the FIS Study Bursary. With joint funding from the Fishmongers' Company, FIS asked Kate Rydzkowski from Orkney Sustainable Fisheries to test what 'executive education' courses can bring to the seafood sector. Kate attended the week-long 'Leading and Building a Culture of Innovation' course at Harvard Business School, in Massachusetts, USA. The course identified the qualities of successful innovation leaders and encouraged participants to apply these approaches towards innovation in their own sectors. On her return, Kate passed on this learning to the FIS Board, and her own networks, in particular identifying the potential for innovation in the Scottish seafood sector and what it will take to harness this.
- Fishermen on the west coast of Scotland are trialling state-of-the-art technology to avoid unwanted catches of cod and whiting. In partnership with the Scottish Fishermen's Organisation, Scottish Producers Organisations, and the University of Aberdeen, FIS is piloting mobile software to collect data in real time, enabling skippers on the west coast of Scotland to avoid bycatch hotspots. The Bycatch Avoidance Tool using mapping – BATmap – is co-designed with skippers and reflects how they view sharing catch data with other participating fishermen. The inclusion of spurdog - a protected species - illustrates the benefits and flexibility of this co-design process.

FISHERIES INNOVATION SCOTLAND

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

FOR THE YEAR ENDED 31 MAY 2020

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.

Financial review

Results for the year ended 31 May 2020 are given in the Statement of Financial Activities on page Pagestart,page6sfa. The assets and liabilities are given in the Balance Sheet on page Pagestart,page7sofp. The financial statements should be read in conjunction with the related notes which appear on pages FirstNotePage to LastNotePage.

In summary, income amounted to £521,786 (2019 - £307,167), expenditure totalled £663,823 (2019 - £163,235), resulting in net deficit for the year of £142,037 (2019 - net income - £143,932). This increase in income and expenditure relates to the completion of a programme of five projects running simultaneously between 2018 and March 2022. This programme of work with the theme of "Preparing for post-Common Fisheries Policy fishing" was supported by the European Maritime and Fisheries Fund scheme and the full draw down of funding was completed in March 2020.

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;
- following Board agreement, contractual agreement for the allocation of FIS funds requiring the witnessed signature of the Executive Director;
- 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;
- the Directors of FIS are informed at Board meetings of the financial status of the company;
- minimising the financial risk to FIS by securing contractually agreed contributions from 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.

Johnston Carmichael LLP continue to independently audit the FIS accounts annually.

FISHERIES INNOVATION SCOTLAND

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

FOR THE YEAR ENDED 31 MAY 2020

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 2020 this amounted to £118,932 therefore three months amounts to approximately £30,000. At the end of the reporting period the total funds held amounted to £362,270 which £472,368 in respect of unrestricted funds and restricted funds are overdrawn by £110,098 due to timing differences, 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, 2020/21, Fisheries Innovation Scotland will maintain many of the same operations as indicated for the reporting period. Specifically, it will publish, promote and use the findings from projects completed during 2020/21, plan for the 2021 Scottish Fishing Conference, and represent the organisation and the wider Scottish fishing community at workshops, conferences and online events. To develop and commission new, impactful projects, FIS has convened issue-specific Expert Groups, comprising of FIS TAC members and wider experts, and chaired by Trustee 'champions', to identify work in response to the wide stakeholder consultations.

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

(Resigned 31 January 2020)

Prof M J Kaiser

(Appointed 1 August 2019 and resigned 31 May 2020)

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 2020 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.

FISHERIES INNOVATION SCOTLAND

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

FOR THE YEAR ENDED 31 MAY 2020

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

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

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

- Sainsbury's
- Marine Scotland
- Scottish Fishermen's Federation
- Seafish Industry Authority
- Young's Seafood
- Scottish Natural Heritage
- Funding Fish
- Marks and Spencer
- Herriot Watt University

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 Sandra Gray on a self-employed basis. FIS accounts are audited by Johnston Carmichael LLP.

The Board consists of 8 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 2020

Details of organisational structure

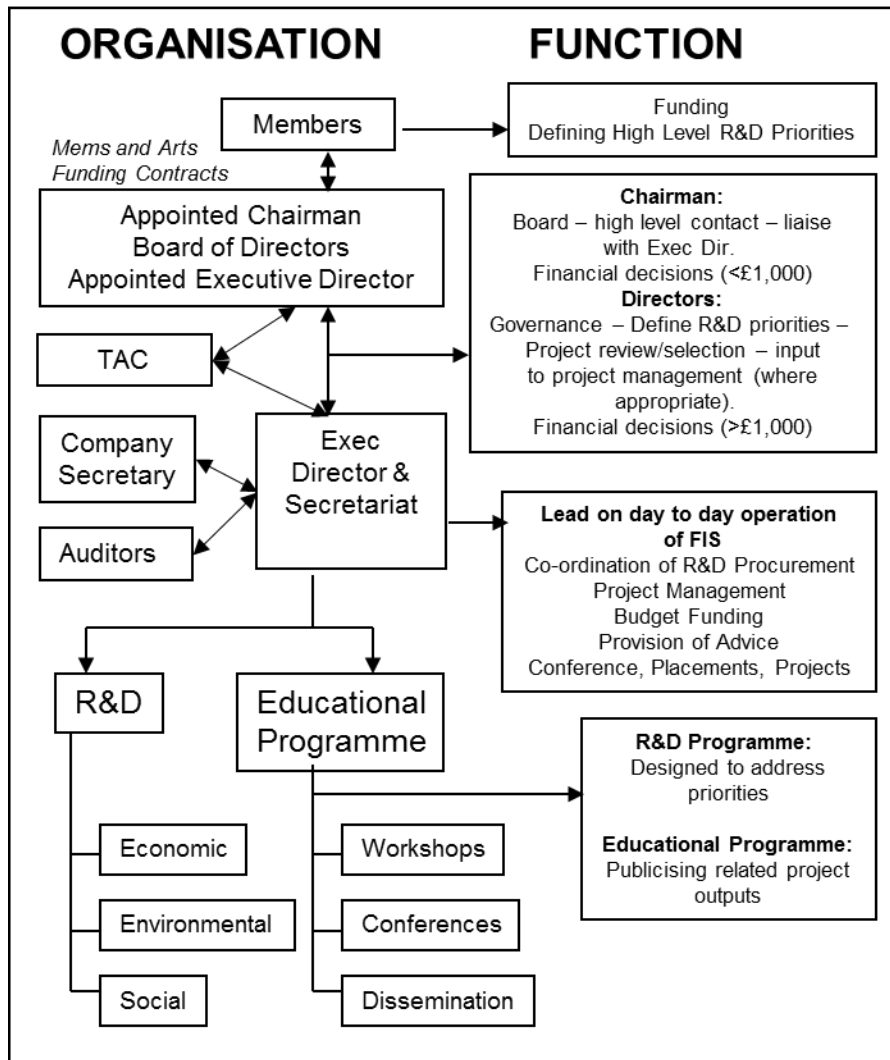


Figure 1. Organisational diagram of FIS operational structure and related functions.

FISHERIES INNOVATION SCOTLAND

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

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.

The FIS Articles of Association stipulate the following:

Expenses

Trustees, the Chair, members of the Technical Advisory Committee, the Executive Director, members of the Secretariat, as well as any individual invited to attend/speak at a Board or General Meeting by the Board or Chair are eligible to claim for the reimbursement of any out-of-pocket expenses incurred through the undertaking of FIS business. These include, but are not necessarily limited to, travel to and from meetings, overnight accommodation, subsistence, postage, telephone calls and broadband time. All expense claims require the submission of a completed claim form along with original invoices or receipts. Expense claims are submitted to and are verified by the Secretariat. Expense payments are issued at the end of each calendar month via BACS with the details (i.e. recipient, amount, description and account drawn from) recorded in the General Ledger by the Executive Secretary.

All claim forms, invoices and receipts must have the appropriate account code and payment date written on them and be marked 'Paid' where appropriate. Hardcopies are retained on file for review by the FIS accountants and auditors.

Travel – a ticket or receipt displaying the date, cost and if possible the destination of travel must accompany all claims for the reimbursement of travel expenses. In the event of private vehicle use, the appropriate mileage must be noted and will be reimbursed at the standard rate of £0.55 per mile. NOTE: when on FIS business every effort should be made to utilise public transport wherever appropriate and practicable.

Accommodation and Subsistence – in order to claim reimbursement dated receipts displaying accommodation charges as well as the cost of food and beverages should be provided. Where any FIS group entertainment occurs the names of every person for whom food and/or beverage was provided and the specific business purpose should also be included.

Other reasonable expenditures – a receipt from the vendor is required detailing all goods or services purchased and the specific business purpose.

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.

FISHERIES INNOVATION SCOTLAND

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

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 W Dingwall

Trustee

Dated: 03/11/2020



Ms E M MacDonald

Trustee

Dated: 03/11/2020

FISHERIES INNOVATION SCOTLAND

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MAY 2020

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

Opinion

We have audited the financial statements of Fisheries Innovation Scotland (the 'charitable company') for the year ended 31 May 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 2020 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

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

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.



Keith Macpherson (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

1 / 12 / 2020
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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.

FISHERIES INNOVATION SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MAY 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income from:					
Donations and legacies	3	275,000	246,786	521,786	307,167
Expenditure on:					
Charitable activities	4	498,065	165,758	663,823	163,235
Net income/(expenditure)		(223,065)	81,028	(142,037)	143,932
Transfers between funds		191,126	(191,126)	-	-
Net movement in funds		(31,939)	(110,098)	(142,037)	143,932
Reconciliation of Funds					
Fund balances at 1 June 2019		504,307	-	504,307	360,375
Fund balances at 31 May 2020		472,368	(110,098)	362,270	504,307

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 2020


	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		594		1,189
Current assets					
Debtors	11	117,755		37,167	
Cash at bank and in hand		696,536		767,992	
		<u>814,291</u>		<u>805,159</u>	
Creditors: amounts falling due within one year	12	<u>(302,629)</u>		<u>(302,041)</u>	
Net current assets			<u>511,662</u>		<u>503,118</u>
Total assets less current liabilities			<u>512,256</u>		<u>504,307</u>
Creditors: amounts falling due after more than one year	13		(149,986)		-
Net assets			<u><u>362,270</u></u>		<u><u>504,307</u></u>
The Funds of the Charity					
Restricted funds	15	(110,098)		-	
Unrestricted funds		472,368		504,307	
		<u>362,270</u>		<u>504,307</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 03/11/2020



Mr A W Dingwall
Trustee



Ms E M MacDonald
Trustee

Company Registration No. SC477579

FISHERIES INNOVATION SCOTLAND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	19		(71,456)		(60,162)
Investing activities					
Purchase of tangible fixed assets		-		(1,784)	
Net cash used in investing activities			-		(1,784)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(71,456)		(61,946)
Cash and cash equivalents at beginning of year			767,992		829,938
Cash and cash equivalents at end of year			696,536		767,992
Relating to:					
Cash at bank and in hand			696,536		767,992

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

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.

Income from government grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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.

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.

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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.

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 2020

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Donations and gifts	275,000	-	275,000	270,000
Government grants	-	246,786	246,786	37,167
	<u>275,000</u>	<u>246,786</u>	<u>521,786</u>	<u>307,167</u>
For the year ended 31 May 2019				
Donations and gifts	270,000	-		270,000
Government grants - recognised but not received	-	37,167		37,167
	<u>270,000</u>	<u>37,167</u>		<u>307,167</u>
Donations and gifts				
Marine Scotland	100,000	-	100,000	100,000
Heriott Watt University	25,000	-	25,000	-
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
Funding Fish	-	-	-	20,000
	<u>275,000</u>	<u>-</u>	<u>275,000</u>	<u>270,000</u>
Grants receivable for core activities				
European Maritime and Fisheries Fund	-	156,884	156,884	37,167
Scottish Government	-	89,902	89,902	-
	<u>-</u>	<u>246,786</u>	<u>246,786</u>	<u>37,167</u>

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

4 Charitable activities

	2020 £	2019 £
Staff costs	61,337	37,973
Depreciation and impairment	595	595
Secretariat costs	14,452	42,441
Conferences and seminars	1,928	28,455
Programme expenses and referee payments	1,102	2,711
Chairman's honorarium	10,000	10,000
Travelling and meeting expenses	7,262	7,829
	<u>96,676</u>	<u>130,004</u>
Grant funding of activities (see note 5)	544,891	2,502
Support costs (see note 6)	15,476	26,649
Governance costs (see note 6)	6,780	4,080
	<u>663,823</u>	<u>163,235</u>
Analysis by fund		
Unrestricted funds	498,065	163,235
Restricted funds	165,758	-
	<u>663,823</u>	<u>163,235</u>

5 Grants payable

	2020 £	2019 £
Grants to institutions:		
University of Aberdeen	533,138	-
Marine Scotland Science	5,400	-
	<u>538,538</u>	<u>-</u>
Grants to individuals	6,353	2,502
	<u>544,891</u>	<u>2,502</u>

The grants payable by FIS are recognised in full in the period that they are committed and as there were no new projects committed in 2019 there were no grants to institutions to be recognised.

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

6 Support costs

	Support costs £	Governance costs £	2020 £	2019 £	Basis of allocation
Insurance	1,161	-	1,161	1,161	Direct
Postage, stationery and computer expenses	1,763	-	1,763	10,101	Direct
Advertising	10,440	-	10,440	8,990	Direct
Telephone	812	-	812	398	Direct
Payroll costs	810	-	810	630	Direct
Recruitment costs	-	-	-	4,573	Direct
Bank charges	464	-	464	636	Direct
Sundry expenses	26	-	26	160	Direct
Audit fees	-	4,140	4,140	4,080	Direct
Legal and professional	-	2,640	2,640	-	Direct
	<u>15,476</u>	<u>6,780</u>	<u>22,256</u>	<u>30,729</u>	
Analysed between Charitable activities	<u>15,476</u>	<u>6,780</u>	<u>22,256</u>	<u>30,729</u>	

7 Auditor's remuneration

Fees payable to the auditors:	2020 £	2019 £
Audit of the annual accounts	<u>4,140</u>	<u>4,080</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 (2019 - £10,000) and 3 of the trustees were reimbursed travel and meeting expenses amounting to £2,554 (2019 - 3 trustees reimbursed £2,410). 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 2020

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Executive Director	1	1

Employment costs

	2020 £	2019 £
Wages and salaries	54,427	26,403
Social security costs	4,462	10,664
Employer's contribution to defined contribution pension schemes	2,448	906
	<u>61,337</u>	<u>37,973</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,000 - £70,000	1	-

10 Tangible fixed assets

	Computer equipment £
Cost	
At 1 June 2019	1,784
At 31 May 2020	<u>1,784</u>
Depreciation and impairment	
At 1 June 2019	595
Depreciation charged in the year	595
At 31 May 2020	<u>1,190</u>
Carrying amount	
At 31 May 2020	<u>594</u>
At 31 May 2019	<u>1,189</u>

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

11 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Other debtors	109,307	37,167
Prepayments and accrued income	8,448	-
	<u>117,755</u>	<u>37,167</u>

12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	1,895	1,386
Trade creditors	5,863	19,434
Other creditors	-	107
Accruals and deferred income	294,871	281,114
	<u>302,629</u>	<u>302,041</u>

13 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Accruals and deferred income	149,986	-
	<u>149,986</u>	<u>-</u>

14 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 £2,448 (2019 - £906).

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

15 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 2019	Movement in funds			Balance at 31 May 2020
		Income	Expenditure	Transfers	
	£	£	£	£	£
European Maritime and Fisheries Fund (EMFF)	-	156,884	34,242	(191,126)	-
Scottish Government	-	89,902	(200,000)	-	(110,098)
	-	246,786	(165,758)	(191,126)	(110,098)

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 as unrestricted in the 2018 accounts.

There was an underspend in one of the projects of £34,242, however the full cost of the project was recognised in 2018 therefore expenditure is recognised as a grant payment underspend.

Scottish Government have provided a grant towards the FIS024A project and have agreed to fund 100% of the eligible costs of the project. The grant payable by FIS in relation to the project are fully recognised in the accounts in the year that they are committed, therefore full £200,000 project cost is recognised. However as the project has only had £89,902 of costs spent in relation to it at the year end, this is the only value of the grant the charity is entitled to. The deficit of restricted funds is a timing difference and will be £nil once the charity is eligible to claim the remainder of the grant.

For the year ended 31 May 2019

	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)	-
	5,000	37,167	-	(42,167)	-

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 May 2020 are represented by:			
Tangible assets	594	-	594
Current assets/(liabilities)	621,760	(110,098)	511,662
Long term liabilities	(149,986)	-	(149,986)
	<u>472,368</u>	<u>(110,098)</u>	<u>362,270</u>

For the year ended 31 May 2019

	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>

17 Events after the reporting date

The ongoing Covid-19 has caused some restrictions on the charitable company's ability to continue with normal operations with the cancellation of the FIS Scottish Fishing Conference 2020 and delays in completion of projects however, the charitable company has not been adversely affected by this. The projects will resume when restrictions have been fully lifted but there is no financial implication to FIS or the project caused by the delays. The costs incurred in organising and promoting the conference are non-refundable but will be used towards the conference in 2021 which will be held virtually if restrictions remain.

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 £275,000 (2019 - £245,000) 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.

FISHERIES INNOVATION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

19 Cash generated from operating activities	2020 £	2019 £	
(Net expenditure)/income for the year	(142,037)	143,932	
Adjustments for:			
Depreciation and impairment of tangible fixed assets	595	595	
Movements in working capital:			
(Increase) in debtors	(80,588)	(36,121)	
Increase/(decrease) in creditors	150,574	(168,568)	
Cash absorbed by operating activities	<u>(71,456)</u>	<u>(60,162)</u>	
20 Analysis of changes in net funds			
	At 1 June 2019 £	Cash flows £	At 31 May 2020 £
Cash at bank and in hand	767,992	(71,456)	696,536
	<u>767,992</u>	<u>(71,456)</u>	<u>696,536</u>
	<u><u>767,992</u></u>	<u><u>(71,456)</u></u>	<u><u>696,536</u></u>

The charitable company had no debt during the year.