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## FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

### ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:	The Electrical Contractors' Association of Scotland T/A SELECT
Year ended:	31 December 2015
List No:	022E (S)
Head or Main Office:	The Walled Garden Bush Estate Midlothian EH26 0SB
Website address (if available)	www.select.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Tick as appropriate)
General Secretary:	J McGhee, ACMA
Contact name for queries regarding the completion of this return:	J Petrie
Telephone Number:	0131 445 5577
e-mail:	jenny.petrie@select.org.uk

**PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.**  
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

**For Employers' Associations based in England and Wales:**  
Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

**For Employers' Associations based in Scotland:**  
Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG



President – Eric Rae

Vice President – Kevin Griffin

Immediate Past President- John Noble

Managing Director – Newell McGuiness

Association Secretary – John McGhee

# RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
1,210				1,210

## OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

## CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
VICE PRESIDENT	E RAE	K GRIFFIN	3 JUNE 2015
PRESIDENT	VACANT	E RAE	3 JUNE 2015

# REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	<b>INCOME</b>			
1,408,787	From Members	Subscriptions, levies, etc		1,396,503
252,432	Investment income	Interest and dividends (gross)	303,255	
		Bank interest (gross)		
100,000		Other –Revaluation of Investment Property	-	
111,067	Other income	Rents received	105,763	
		Insurance commission		
306,123		Consultancy fees	403,772	
		Publications/Seminars		
84,805		Miscellaneous receipts : Sundry	120,447	
58,828		Sale of Goods	107,765	
794,821		Management fees	816,782	
3,116,863		<b>TOTAL INCOME</b>		3,254,287
	<b>EXPENDITURE</b>			
	Administrative expenses			
1,274,682		Remuneration and expenses of staff	1,501,410	
266,084		Occupancy costs	257,847	
91,689		Printing, Stationery, Post & Telephones	78,088	
108,922		Legal and Professional fees	122,042	
43,039		Miscellaneous :Publications	82,128	
93,009		In-house costs	80,316	
181,972		Admin expenses	236,640	
123,430	Other charges	Bank charges	129,050	
		Depreciation		
14,641		Sums written off	15,352	
121,078		Affiliation fees	92,393	
194,279		Marketing Costs	253,171	
171,326		Conference and meeting fees	194,131	
		Course Expenses		
		Miscellaneous (specify)		
21,815	Taxation		(77,198)	
2,705,966		<b>TOTAL EXPENDITURE</b>		2,965,370
10,696		Transfer (to) / from Reserves		10,785
421,593		Surplus/Deficit for year		299,702
4,192,290		Amount of fund at beginning of year		4,146,683
(467,200)		Other Recognised Gains & Losses		(119,000)
4,146,683		Amount of fund at end of year		4,327,385

**ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND**  
(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
			<b>Total Expenditure</b>
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 3		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
			<b>Total Expenditure</b>
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

<b>ACCOUNT 4</b>		<b>Fund Account</b>	
<b>Name of account:</b>		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

<b>ACCOUNT 5</b>		<b>Fund Account</b>	
<b>Name of account:</b>		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 7		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

## BALANCE SHEET AS AT 31 December 2015

(see notes 19 and 20)

Previous Year		£	£
3,111,927	<b>Fixed Assets</b> (as at page 11)		2,993,322
	<b>Investments</b> (as per analysis on page 11)		
	Quoted (Market value £ )		
50,000	Unquoted		50,000
	<b>Total Investments</b>		3,043,322
	<b>Other Assets</b>		
181,051	Sundry debtors	322,868	
1,683,726	Cash at bank and in hand	2,044,021	
19,447	Stocks of goods	21,693	
-	Others -Pension Asset	-	
1,884,224	<b>Total of other</b>		2,388,582
	<b>assets</b>		
5,046,151		<b>TOTAL ASSETS</b>	5,431,904
404,762	Specific Reserves		393,977
	Fund (Account)		
	Fund (Account)		
4,146,683	General Reserve		4,327,385
	<b>Liabilities</b>		
-	Loans		
-	Bank overdraft		
-	Tax payable		
417,161	Sundry creditors		638,853
77,545	Deferred Tax Liability		71,689
-	Provisions		
-	Other liabilities		
494,706		<b>TOTAL LIABILITIES</b>	710,542
5,046,151		<b>TOTAL ASSETS</b>	5,431,904



## FIXED ASSETS ACCOUNT

(see note 21)

	Freehold Office Premises	Plant & Equipment	Investment Property	Motor Vehicles	Total
	£	£	£		£
<b>COST OR VALUATION</b>					
At start of period	2,694,549	756,681	875,000	22,528	4,348,758
Additions during period	-	10,441	-	-	10,441
Less: Disposals during period	-	-	-	-	-
Less: DEPRECIATION:	49,912	73,502	-	5,632	129,046
Total to end of period	684,113	664,668	-	17,096	1,365,877
<b>BOOK AMOUNT</b> at end of period	2,010,436	102,454	875,000	5,432	2,993,322
Freehold	2,010,436	-	-	-	2,010,436
Leasehold (50 or more years unexpired)					
Leasehold (less than 50 years unexpired)					
<b>AS BALANCE SHEET</b>	2,010,436	102,454	875,000	5,432	2,993,322

# ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
<b>QUOTED</b>	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	<b>TOTAL QUOTED (as Balance Sheet)</b>	
	<b>*Market Value of Quoted Investments</b>	
<b>UNQUOTED</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified): 50,000 ordinary shares of £1.00 each fully paid up Scottish Electrical Contractors' Insurance Ltd	50,000
	<b>TOTAL QUOTED (as Balance Sheet)</b>	50,000
	<b>*Market Value of Unquoted Investments</b>	

\* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES	<input checked="" type="checkbox"/>	NO
If YES name the relevant companies:				
COMPANY NAME  Scottish Electrical Contractors' Insurance Limited	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)  SC42408 (Registered in Scotland)			
<b>INCORPORATED EMPLOYERS' ASSOCIATIONS</b>				
Are the shares which are controlled by the association registered in the association's name		YES	<input type="checkbox"/>	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.				
COMPANY NAME	NAMES OF SHAREHOLDERS			
<b>UNINCORPORATED EMPLOYERS ASSOCIATIONS</b>				
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	<input checked="" type="checkbox"/>	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.				
COMPANY NAME	NAMES OF SHAREHOLDERS			

## SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	1,396,503	-	1,396,503
From Investments	303,255	-	303,255
Other Income (including increases by revaluation of assets)	1,554,529		1,554,529
<b>Total Income</b>	3,254,287	NIL	3,254,287
<b>EXPENDITURE</b> (including decreases by revaluation of assets)	2,965,370	-	2,965,370
Other Gains & Losses	119,000	-	119,000
<b>Total Expenditure</b>	3,084,370	NIL	3,084,370
<b>Funds at beginning of year</b> (including reserves)	4,551,445	NIL	4,551,445
<b>Funds at end of year</b> (including reserves)	4,721,362	NIL	4,721,362
<b>ASSETS</b>			
Fixed Assets			2,993,322
Investment Assets			50,000
Other Assets			2,388,582
		<b>Total Assets</b>	5,431,904
<b>LIABILITIES</b>			
		<b>Total Liabilities</b>	710,542
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			4,721,362

# NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

Please see Financial Statements for the year ended 31 December 2015.

# ACCOUNTING POLICIES

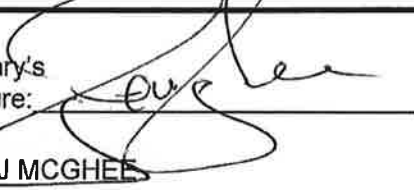
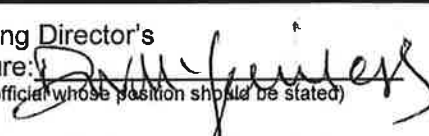
(see notes 37 and 38)

Please see Financial Statements for the year ended 31 December 2015.

## SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature:  Name: J MCGHEE Date: 27 April 2016	Managing Director's Signature:  (or other official whose position should be stated) Name: D N MCGUINNESS Date: 27 April 2016
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## CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	<input type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	<input type="checkbox"/>	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	<input checked="" type="checkbox"/>	NO	

# AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
  - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
  - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

YES

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
  - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

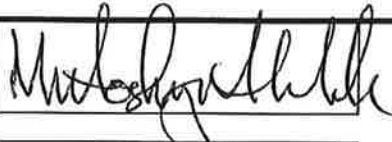
YES

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 45)

*See attached Financial Statements*

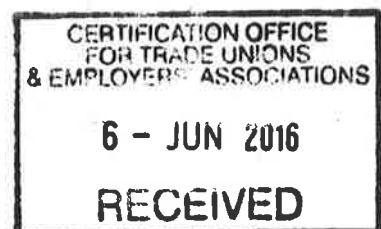
## AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:		
Name(s):	Mark Hoskyns-Abraham	
Profession(s) or Calling(s):	ACA	
Address(es):	PwC Atria One 144 Morrison Street Edinburgh, EH3 8EX	
Date:	29 April 2016	
Contact name and telephone number:	0131 226 4488	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.



**The Electrical Contractors' Association of  
Scotland (trading as SELECT)  
Consolidated financial statements  
for the year ended 31 December 2015**



**The Electrical Contractors' Association of Scotland  
(trading as SELECT)**

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The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## **Report of the Central Board for the year ended 31 December 2015**

The rules of the Association require the Central Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of the surplus or deficit of the Group for that period. In preparing those financial statements, the Central Board is required to ensure that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- a statement is made whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Central Board is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Association. The Central Board is also responsible for safeguarding the assets of the Association and hence for ensuring that reasonable steps are taken for the prevention and detection of fraud and other irregularities.

**On behalf of the Central Board**



E Rae  
**President**  
20 April 2016

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## **Independent auditors' report to the members of The Electrical Contractors' Association of Scotland (trading as SELECT)**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, The Electrical Contractors' Association of Scotland (trading as SELECT)'s group financial statements and parent association financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 December 2015 and of the group's and parent association's profit and cash flows 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 Trade Union and Labour Relations (Consolidation) Act 1992.
- 

#### **What we have audited**

The financial statements, included within the consolidated financial statements (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2015;
- the association's balance sheet as at 31 December 2015;
- the consolidated income statement and consolidated statement of other comprehensive income for the year then ended;
- the insurance general business technical account for the year then ended
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Central Board have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Report of the Central Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Trade Union and Labour Relations (Consolidation) Act 1992 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the parent association, or
- a satisfactory system of control over its transactions has not been maintained by the association, or
- the financial statements are not in agreement with the accounting records, or

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Independent auditors' report to the members of The Electrical Contractors' Association of Scotland (trading as SELECT) (continued)

- we have not received all the information and explanations we required for our audit as required by Section 37(2) of the Act.

We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Report of the Central Board set out on page 1, the Central Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### What an audit of financial statements involves

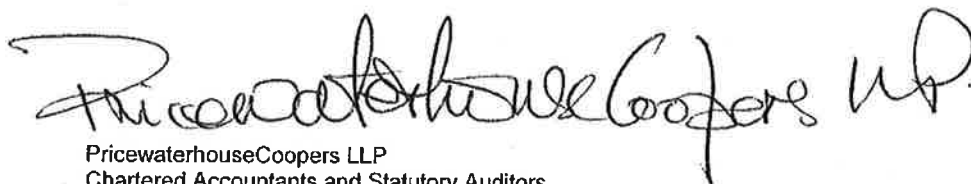
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent association's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Central Board; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Central Board's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the consolidated financial statements 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
20 April 2016

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Consolidated income statement for the year ended 31 December 2015

	Note	2015	2014
		£	£
Income from membership			
Subscriptions and application fees		421,078	417,054
Turnover levy		829,820	850,573
Training and development levies		145,605	141,160
		<b>1,396,503</b>	<b>1,408,787</b>
Sales of products and services		626,548	444,756
Cost of sales		(325,505)	(242,422)
		<b>301,043</b>	<b>202,334</b>
Transfer from insurance general business technical account (page 6)		543,096	746,923
Other income / (expense)	3	446,472	(70,333)
Committee expenses and other direct costs	4	(340,965)	(344,668)
Administrative expenses	5	(2,030,274)	(1,711,693)
Exceptional Item	6	-	100,000
<b>Operating Surplus</b>		<b>315,875</b>	<b>331,350</b>
Property and investment income	9	138,265	153,064
Other financial income		-	51,000
<b>Surplus for year before taxation</b>		<b>454,140</b>	<b>535,414</b>
Taxation charge	10	68,854	(90,039)
<b>Surplus for year after taxation</b>		<b>522,994</b>	<b>445,375</b>
Net transfer from specific reserves	17	10,785	10,696
<b>Transfer to general reserve</b>	16	<b>533,779</b>	<b>456,071</b>

Results are attributable to continuing operations.

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Consolidated statement of other comprehensive income for the year ended 31 December 2015

	Note	2015	2014
			£
<b>Other comprehensive income</b>			
<b>Surplus for the year</b>		<b>533,779</b>	<b>456,071</b>
Actuarial (loss) for the year on defined benefit pension scheme	8	(119,000)	(584,000)
Deferred taxation on defined benefit pension scheme	15	-	116,800
<b>Total comprehensive income for the year</b>		<b>414,779</b>	<b>(11,129)</b>

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

**Insurance general business technical account  
for the year ended 31 December 2015**

	2015	2014
	£	£
<b>Earned premiums</b>		
Gross premium written		
Sickness and accident benefit scheme	942,655	1,084,411
<b>Claims incurred</b>		
Gross claims paid		
Sickness and accident benefit scheme	(396,656)	(345,567)
Change in the provision for claims	(2,903)	8,079
<b>Net claims incurred</b>	<b>(399,599)</b>	<b>(337,488)</b>
Transfer to the consolidated income statement (page 4)	543,096	746,923



The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Consolidated balance sheet as at 31 December 2015

		2015		Restated 2014	
	Note	£	£	£	£
<b>Fixed Assets</b>	11		<b>2,993,322</b>		3,111,927
<b>Investments</b>	12		<b>3,313,990</b>		3,375,801
<b>Current Assets</b>					
Stocks			<b>21,693</b>		19,447
Debtors	13		<b>1,593,844</b>		403,726
Bank deposits			<b>2,658,412</b>		2,638,156
Cash at bank and in hand			<b>2,324,644</b>		2,823,093
			<b>6,598,593</b>		5,884,422
<b>Creditors: Amounts falling due within one year</b>	14		<b>(838,838)</b>		(706,124)
<b>Net current assets</b>			<b>5,759,755</b>		5,178,298
<b>Total assets less current liabilities</b>			<b>12,067,067</b>		11,666,026
<b>Technical provisions</b>					
Provisions for outstanding claims			<b>(12,458)</b>		(9,555)
Provisions for liabilities and charges	15		<b>(71,689)</b>		(77,545)
<b>Net assets excluding net pension liability</b>			<b>11,982,920</b>		11,578,926
<b>Net pension asset</b>	8		<b>-</b>		-
<b>Net assets including net pension liability</b>			<b>11,982,920</b>		11,578,926
<b>Reserves</b>					
<b>General reserve:</b>					
Balance as at 1 January			<b>11,174,164</b>		11,185,923
Transfer from operating statement			<b>533,779</b>		456,071
Other recognised gains and losses			<b>(119,000)</b>		(467,200)
Balance as at 31 December	16		<b>11,588,943</b>		11,174,164
<b>Specific reserves</b>	17		<b>393,977</b>		404,762
			<b>11,982,920</b>		11,578,926

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

**Consolidated balance sheet as at 31 December 2015 (continued)**

The financial statements on pages 4 to 33 were approved by the Central Board on 20 April 2016 and are signed on their behalf by:



**President**                      E Rae



**Managing Director**        D N McGuinness

The Electrical Contractors' Association of Scotland  
(trading as SELECT)


## Association's balance sheet as at 31 December 2015

	Note	2015		2014	
		£	£	£	£
<b>Fixed assets</b>	11		2,993,322		3,111,927
<b>Investments</b>	12		50,000		50,000
<b>Current assets</b>					
Stocks		21,693		19,447	
Debtors	13	322,868		181,051	
Cash at bank and in hand		2,044,021		1,683,726	
		2,388,582		1,884,224	
<b>Creditors: Amounts falling due within one year</b>	14	(638,853)		(417,161)	
<b>Net current assets</b>			1,749,729		1,467,063
<b>Total assets less current liabilities</b>			4,793,051		4,628,990
<b>Provisions for liabilities and charges</b>	15		(71,689)		(77,545)
<b>Net assets excluding net pension liability</b>			4,721,362		4,551,445
<b>Net Pension asset</b>	8		-		-
<b>Net assets including net pension liability</b>			4,721,362		4,551,445
<b>Reserves</b>					
<b>General reserve:</b>					
Balance as at 1 January			4,146,683		4,192,290
Transfer from operating statement			299,702		421,593
Other recognised gains and losses			(119,000)		(467,200)
Balance as at 31 December	16		4,327,385		4,146,683
<b>Specific reserves</b>	17		393,977		404,762
			4,721,362		4,551,445

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

**Association's balance sheet as at 31 December 2015 (continued)**

The financial statements on pages 4 to 33 were approved by the Central Board on 20 April 2016 and are signed on their behalf by:



**President**

E Rae



**Managing Director**

D N McGuinness

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Consolidated statement of changes in equity for the year ended 31 December 2015

Group	Notes	Specific reserves			Total
		General reserves	Capital projects reserve(a)	Guarantee scheme reserve(b)	
		£	£	£	
Balance as at 1 January 2014	16, 17	11,185,293	371,351	44,107	11,600,751
Surplus for the year		456,071	(10,297)	(399)	445,375
Other comprehensive income & other transfers for the year		(467,200)	-	-	(467,200)
Total comprehensive income for the year		(11,129)	(10,297)	(399)	(21,825)
Balance as at 31 December 2014	16, 17	11,174,164	361,054	43,708	11,578,926
Surplus for the year		533,779	(10,297)	(488)	522,994
Other comprehensive income for the year		(119,000)	-	-	(119,000)
Total comprehensive income for the year		414,779	(10,297)	(488)	403,994
<b>Balance as at 31 December 2015</b>	16, 17	<b>11,588,943</b>	<b>350,757</b>	<b>43,220</b>	<b>11,982,920</b>

Association	Notes	Specific reserves			Total
		General reserves	Capital projects reserve	Guarantee scheme reserve	
		£	£	£	
Balance as at 1 January 2014	16, 17	4,192,290	371,351	44,107	4,607,748
Surplus for the year		421,593	(10,297)	(399)	410,897
Other comprehensive income & other transfers for the year		(467,200)	-	-	(467,200)
Total comprehensive income for the year		(45,607)	(10,297)	(399)	(56,303)
Balance as at 31 December 2014	16, 17	4,146,683	361,054	43,708	4,551,445
Surplus for the year		299,702	(10,297)	(488)	288,917
Other comprehensive income for the year		(119,000)	-	-	(119,000)
Total comprehensive income for the year		180,702	(10,297)	(488)	169,917
<b>Balance as at 31 December 2015</b>	16, 17	<b>4,327,385</b>	<b>350,757</b>	<b>43,220</b>	<b>4,721,362</b>

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Consolidated cash flow statement for the year ended 31 December 2015

	Note	2015 £	2014 £
<b>Net cash (outflow) / inflow from operating activities</b>	18	<b>(500,249)</b>	725,887
Taxation paid		-	(127,289)
<b>Net cash generated from operating activities</b>		<b>(500,249)</b>	598,598
<b>Cash flow from investing activities</b>			
Other interest		32,502	41,997
Payments to acquire tangible fixed assets		(10,446)	(37,920)
<b>Net cash generated from investing activities</b>		<b>22,056</b>	4,077
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(478,193)</b>	602,675
Cash and cash equivalents at the beginning of the year		5,461,249	4,858,574
<b>Cash and cash equivalents at the end of the year</b>		<b>4,983,056</b>	5,461,249
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		2,324,644	2,823,093
Bank deposits		2,658,412	2,638,156
<b>Cash and cash equivalents</b>		<b>4,983,056</b>	5,461,249

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## **Notes to the financial statements for the year ended 31 December 2015**

### **1 Principal accounting policies**

#### **General information**

The principal activities of SELECT are to be the trade association and employers' organisation for the electrical engineering and contracting industry in Scotland. Its main objectives can be summarised as representing Members interests, providing services to Members and developing industry skills.

The Association is incorporated in the United Kingdom. The address of its registered office is The Walled Garden, Bush Estate, Midlothian, EH26 0SB.

#### **Statement of compliance**

The Group and the individual financial statements of The Electrical Contractors' Association of Scotland (trading as SELECT) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and Financial Reporting Standard 103 'Insurance contracts'.

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **a) Basis of accounting**

These financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings and in accordance with applicable UK accounting standards, as considered appropriate for a trade association and an insurance company. The insurance company results are prepared using the annual basis of accounting. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 is 1 January 2014. Details of the transition to FRS 102 and FRS 103 are disclosed in Note 21.

##### **b) Basis of consolidation**

The Group consolidated financial statements include the financial statements of the Association and its wholly owned subsidiary, the Scottish Electrical Contractors' Insurance Limited (SECI Limited). The insurance general business technical account represents the results of SECI Limited on technical account and the net surplus arising for the year, taking into account the elimination of inter-company transactions, is transferred to the consolidated income statement. The assets and liabilities of SECI Limited have been fully consolidated with those of the Association.

##### **c) Going concern**

On the basis of their assessment of the Group's financial position and resources, the directors believe that the Group is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## **Notes to the financial statements for the year ended 31 December 2015**

### **1 Principal accounting policies (continued)**

#### **d) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Association's shareholders.

The Association has taken advantage of the following exemptions:

i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Association's cash flows;

#### **e) Foreign currencies**

##### **i) Functional and presentation currency**

The Group's financial statements are presented in pound sterling. The Association's functional and presentation currency is pound sterling.

##### **ii) Transactions and balances**

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

#### **f) Rebate income**

Rebate income represents rebates of premiums paid to Phoenix Life Limited by the Association in their role as agents for the insurance of death risks. The rebates which reflect claims history are calculated on a bi-annual basis and are recognised once they become receivable.

#### **g) Sales of products and services**

Sales of products and services represents the invoiced value of course fees, services and publications, net of VAT where appropriate.

#### **h) Subscriptions and turnover levy**

Subscriptions and turnover levy are those actually received during the year.

#### **i) Employee benefits**

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.



## **Notes to the financial statements for the year ended 31 December 2015**

### **1 Principal accounting policies (continued)**

#### **i) Employee benefits (continued)**

##### **i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **ii) Defined contribution plans**

The Association operates a defined contribution pension scheme. Contributions to the scheme are expensed as they occur.

##### **iii) Defined benefit plans**

The Association operates a defined benefit pension scheme. In accordance with FRS 102 the operating and financing costs of pensions are charged to the consolidated income statement in the period in which they arise and are recognised separately. The costs of past service benefits enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in other comprehensive income. Pension costs are assessed in accordance with the advice of qualified actuaries.

#### **j) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

##### **i) Current taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **ii) Deferred taxation**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis.

#### **k) Fixed assets**

The cost of fixed assets is the purchase cost together with any incidental cost of acquisition.

## Notes to the financial statements for the year ended 31 December 2015

### 1 Principal accounting policies (continued)

#### l) Depreciation

Depreciation on fixed assets is calculated as follows:

Plant and Equipment - Fixtures and fittings	10% or 20% per annum, straight line
Plant and Equipment - Office and computer equipment	15% to 25% per annum, straight line
Plant and machinery	10% per annum, straight line
Freehold Office premises	2% per annum, straight line
Motor Vehicles	25% per annum, straight line

It is considered that the use of these rates will write off the costs of the assets over their effective working lives.

#### m) Investment properties

Investment properties are included in the balance sheet at the Board's valuation. The Board consider these valuations are appropriate given their knowledge of the state of the market at the date of these financial statements. Movements in valuation are recognised in the consolidated income statement. Any valuation impairment beneath historic cost is recorded in the consolidated income statement.

The investment properties will be valued every 3 years using the RICS 'red book' method by an independent firm of Chartered Surveyors.

Depreciation is not provided on investment properties as these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. This accounting policy is therefore necessary to give the financial statements a true and fair view.

#### n) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### i) Operating leases as a lessee

Payments under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

##### ii) Operating leases as a lessor

The leases are for vehicle contract hire and printers. Income in respect of operating leases are credited on a straight line basis over the lease term.

##### iii) Lease incentives

Incentives received/paid to enter into an operating lease are credited/charged to the consolidated income statement, to reduce/increase the lease expense/income, on a straight-line basis over the period of the lease.

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **1 Principal accounting policies (continued)**

#### **o) Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated income statement.

#### **p) Investments**

Investments are held at fair value at the balance sheet date, with changes in fair value recognised through the income statement. Investments consist of shares in ESCA Estates Limited, and cash balances placed on deposit with financial institutions. The sale of the property owned by ESCA Estates Ltd in 2014 has enabled the Directors to estimate a reasonable fair valuation of the shares held as a minority shareholder in this private company. Other investments are cash balances held by financial institutions which are valued by the Directors at cost having prudent regard to their likely realisable value on an annual basis.

#### **q) Investment income**

Income from investments is included on an accruals basis.

#### **r) Stock**

Stock of publications and stationery is valued at the lower of cost and estimated selling price less costs to sell. Stock are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method.

#### **s) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other current asset investments with original maturities of three months or less and bank overdrafts.

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **1 Principal accounting policies (continued)**

#### **t) Financial instruments**

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **i) Financial assets**

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Group does not hold or issue derivative financial instruments.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 1 Principal accounting policies (continued)

#### t) Financial instruments (continued)

##### iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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 to liability simultaneously.

#### u) Annual Basis of accounting for the insurance company

The technical result for accident and health is determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

i) Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Company.

ii) Claims are recognised in the accounting period in which the loss is made. Provision is made at the year end for:

- (a) Illnesses arising in the year but not yet reported at the balance sheet date.
- (b) Illnesses arising in the year and unpaid at the year end.
- (c) Illnesses in the following year which are a continuation of illnesses first started during the year.

#### v) Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### w) Future amendments to FRS 102

Amendments to FRS 102 were issued in July 2015 as a result of changes to the EU-directives. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015. Entities have to adopt and comply with all amendments if they elect to early adopt the Amendments to FRS 102 (issued in July 2015). The Association has not early adopted the Amendments to FRS 102 (issued in July 2015).

#### x) Prior year adjustment - Investment in ESCA Estates

The financial statements have been restated to incorporate the impact of fair valuing the Company's investment in ESCA Estates Limited, which was previously recognised on the Balance Sheet at cost. As this amounts as a change of accounting policy this has been disclosed as a prior year adjustment.

The restatement has had no impact on the profit for the financial year for either the current or prior year. The table below shows the impact of the restatement on both the investments and profit & loss account balances within the Balance Sheet.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

	As Previously Reported	Restated
	2014	2014
Investment in ESCA Estates	10,000	3,375,801
Profit and loss account	3,661,680	7,027,481

### 2 Segmental analysis by class of business

The analysis by class of business of the Group's surplus before taxation and net assets is set out below. All activities relate to the UK.

	2015	2014
	£	£
<b>Surplus before taxation</b>		
Trade association	(88,271)	280,952
Insurance company	542,421	254,462
	<b>454,140</b>	<b>535,414</b>
	2015	2014
	£	£
<b>Net assets</b>		
Trade association	4,721,362	4,551,445
Insurance company	7,311,558	7,077,481
	<b>12,032,920</b>	<b>11,628,926</b>
Investment in subsidiary	(50,000)	(50,000)
	<b>11,982,920</b>	<b>11,578,926</b>

### 3 Other income / (expense)

Other income/(expenses) includes the £100,613 loss (2014: loss of £70,333) made in the year on the reinsurance of life insurance with BUPA.

Other income for the year ended 31 December 2015 also includes £547,085 of rebates of premiums paid to Phoenix Life by the company in their role as agents for the insurance of death risks. The rebate is received on a bi-annual basis. The rebate recognised in the non-technical account for the year ended 31 December 2015 is in respect of the premiums and loss experience over the previous two years.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 4 Committee expenses and other direct costs

	2015	2014
	£	£
Conference, functions and meetings	222,746	159,097
Branch expenses	23,360	37,266
Marketing campaign and membership	82,507	135,442
Subscriptions	12,352	12,863
	<b>340,965</b>	<b>344,668</b>

£82,128 of stock (2014: £43,039) was recognised as an expense during the period.

### 5 Administrative expenses

Included in administrative expenses are the following items of expenditure:

	2015	2014
	£	£
Staff costs (see note 7)	1,620,410	1,758,843
Group audit fees of which the parent Association was £17,740 (2014: £9,745).	19,705	19,225
Group non audit fees of which the parent Association was £5,860 (2014: £5,720)		
- Tax compliance	13,000	11,800
- Other audit services	36,710	20,695
Depreciation – owned assets	129,049	123,430
Operating lease rentals	61,126	48,200

### 6 Exceptional Item

The exceptional item in 2014 relates to the write up in fair value of the investment property by £100,000. The Board obtained a market valuation of the investment property as at 31 December 2014 from David Adamson & Partners, an independent firm of Chartered Surveyors. The valuation of £875,000 was arrived at using the RICS 'Red Book' method.

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 7 Employee information

The number of persons employed by the Association at 31 December were as follows:

	2015	2014
	Number	Number
Full-time	39	39

	2015	2014
	£	£
<b>Staff costs</b>		
Salaries	1,184,705	1,088,883
Social security costs	120,246	108,944
Pension and permanent health insurances	196,458	561,016
	<b>1,501,410</b>	<b>1,758,843</b>



## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Pension scheme

#### Defined benefit scheme

The Association operates a contributory funded pension scheme for certain of its employees, providing benefits based on final pensionable pay. This Scheme was closed to future accrual on the 30th September 2014 and all employees transferred over to the Group Personal Pension Scheme. The assets of the scheme are held separately from those of the Association, being invested with an insurance company.

An actuarial valuation of the SELECT pension scheme using the projected unit basis was carried out at 31 December 2015 by JLT Actuarial Services, independent consulting actuaries. The major assumptions used by the actuary were

	2015 %	2014 %
Rate of increases in salaries	n/a	n/a
Rate of increase in pensions in payment	3.7	3.6
Rate of increase to deferred pensions	2.4	2.3
Discount Rate	3.8	3.4
Inflation assumption RPI	3.2	3.1
Inflation assumption CPI	2.4	2.3

For the 31 December 2015 valuation the CPI inflation assumption has been utilised for deriving deferred pension revaluation with the RPI inflation assumption being utilised for deriving the pensions in payment increase.

The mortality assumptions used were as follows:

	2015 years	2014 years
Longevity at age 65 for current pensioners:		
- Men	22.2	22.4
- Women	24.6	24.8
Longevity at age 65 for future pensioners currently aged 45:		
- Men	24.4	24.5
- Women	26.9	27.1

The Electrical Contractors' Association of Scotland  
(trading as SELECT)

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Pension scheme (continued)

#### Reconciliation of present value of scheme liabilities

	2015 £
<b>1 January</b>	<b>3,633,000</b>
Interest Cost	120,000
Current service cost - Employers	-
- Members	-
Benefits Paid	(208,000)
Charges paid	9,000
Actuarial (Loss)	(253,000)
Gain on curtailment	-
<b>31 December</b>	<b>3,301,000</b>

#### Reconciliation of fair value of scheme assets

	2015 £
<b>1 January</b>	<b>3,780,000</b>
Expected Return on scheme assets	127,000
Actuarial gain/(loss)	(15,000)
Benefits Paid	(208,000)
Contributions - Employers	128,000
- Members	-
Charges Paid	-
<b>31 December</b>	<b>3,812,000</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £124,000 (2014: loss of £584,000).

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## Notes to the financial statements for the year ended 31 December 2015 (continued)

	31 December 2015
	£
<b>Analysis of amounts charged to consolidated operating statement are as follows:</b>	
Current Service cost	9,000
Expected return on pension scheme assets	-
Interest on pension scheme liabilities	-
Gain on curtailment	-
<b>Total</b>	<b>9,000</b>

### Actuarial Valuation

The most recent full actuarial valuation occurred at 1 April 2014. Following the valuation the scheme was closed to future accrual.

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## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Pension scheme (continued)

Amounts for current and previous years:	2015	2014
	£	£
<b>Defined Benefit Obligation</b>	<b>(3,301,000)</b>	<b>(3,633,000)</b>
<b>Plan Assets</b>	<b>3,812,000</b>	<b>3,780,000</b>
<b>Gain / (Deficit)</b>	<b>511,000</b>	<b>147,000</b>
<b>Experience adjustments on scheme assets</b>		
Amount	-	-
<b>Experience adjustments on scheme liabilities:</b>		
Amount	-	-
<b>Total amount recognised in the consolidated statement of comprehensive income:</b>		
Amount	<b>119,000</b>	<b>(584,000)</b>

#### Defined contribution scheme

Since 1 August 2003, the Association has operated a defined contribution group personal pension arrangement for employees. The cost in respect of this scheme for the period is equal to the contributions paid. These amounted to £192,903 (2014: £116,384). There were no accrued contributions at the year end (2014: nil).

### 9 Property and investment income

	2015	2014
	£	£
Rental income	<b>105,763</b>	111,067
Other interest	<b>94,313</b>	41,997
Loss on fair value of investment	<b>(61,811)</b>	-
	<b>138,265</b>	153,064

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 10 Taxation

	2015 £	2014 £
United Kingdom corporation tax charge based on the surplus for the year		
Current : current year	57,051	48,711
: prior year	(48,853)	(6,910)
	<b>8,198</b>	41,799
Deferred : current year	(77,052)	48,240
	<b>(68,854)</b>	90,039

The difference between the tax charge on ordinary activities for the year, reported in the consolidated income statement, and the total charge for the year which would result from applying a relevant standard rate of tax to the surplus for the year before tax, is explained as follows:

	2015 £	2014 £
<b>Factors affecting tax charge for the year</b>		
Surplus on ordinary activities before tax	454,140	535,414
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	91,963	115,084
Effects of:		
Capital allowances in excess of depreciation		
Expenses not deductible for tax purposes	21,983	(3)
Income not taxable for tax purposes	(14,720)	(15,068)
Deferred tax not provided	(53,348)	-
Adjustments to tax in respect of prior periods	(110,909)	(4,845)
Effect of other tax rates	(3,635)	(5,127)
Effect of marginal relief	(188)	-
Total tax charge for the year	<b>(68,854)</b>	90,039

The standard rate of UK corporation tax in the year changed from 21% to 20% with effect from 1 April 2015 and will remain at 20% from 1 April 2016. UK deferred tax is therefore recognised at the reduced rate of 20%.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 11 Fixed assets

Group and Association	Investment Property £	Plant and Equipment £	Freehold Office Premises £	Motor Vehicles £	Total £
<b>Association and group:</b>					
Cost at 1 January 2015	875,000	756,681	2,694,549	22,528	4,348,758
Additions	-	10,441	-	-	10,441
<b>At 31 December 2015</b>	<b>875,000</b>	<b>767,112</b>	<b>2,694,549</b>	<b>22,528</b>	<b>4,359,199</b>
Accumulated Depreciation at 1 January 2015	-	591,166	634,201	11,464	1,236,831
Charge for the year	-	73,502	49,912	5,632	129,046
<b>At 31 December 2015</b>	<b>-</b>	<b>664,668</b>	<b>684,113</b>	<b>17,096</b>	<b>1,365,877</b>
<b>Net book value</b>					
<b>At 31 December 2015</b>	<b>875,000</b>	<b>102,454</b>	<b>2,010,436</b>	<b>5,432</b>	<b>2,993,322</b>
Net book value					
At 31 December 2014	875,000	165,515	2,060,348	11,064	3,111,927

### 12 Investments

	Group		Association	
	2015	Restated 2014	2015	2014
<b>Subsidiaries</b>				
SECI Limited				
50,000 ordinary shares (2014: 50,000) of £1 each fully paid	-	-	50,000	50,000
<b>Others</b>				
ESCA Estates Limited (note 21)	3,313,990	3,375,801	-	-
	<b>3,313,990</b>	<b>3,375,801</b>	<b>50,000</b>	<b>50,000</b>

The Association owns 100% of the share capital of Scottish Electrical Contractors' Insurance Limited (SECI Limited). SECI Limited owns one seventh (2014: one seventh) of the equity share capital of ESCA Estates Limited. During the year SECI Limited received dividends of £70,000 (2014: Nil) from ESCA Estates Limited. The investment in ESCA Estates has been valued at fair value by the Directors. In estimating the fair value, the Directors have considered the net assets position of ESCA Estates Limited.

The Association controls the Electrical Engineering Training Foundation which is a company limited by guarantee and not having a share capital. The EETF is not included in the group financial statements as it is a charitable organisation and in the event of a winding up or dissolution; any surplus will be transferred to some other charitable institution or institutions having objectives similar to the objectives of the company.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 13 Debtors

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	<b>80,427</b>	63,199	<b>80,427</b>	63,199
Other debtors – on direct insurance operations	<b>1,423,171</b>	308,585	<b>152,195</b>	85,910
CT debtor	<b>77,198</b>	-	<b>77,198</b>	-
Prepayments and accrued income	<b>13,048</b>	31,942	<b>13,048</b>	31,942
	<b>1,593,844</b>	403,726	<b>322,868</b>	181,051

### 14 Creditors: Amounts falling due within one year

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	<b>75,707</b>	93,594	<b>75,707</b>	93,594
Corporation tax	<b>57,051</b>	48,850	-	142
Other taxation and social security	<b>126,326</b>	86,475	<b>126,326</b>	86,475
Other creditors & accruals	<b>579,754</b>	477,205	<b>436,820</b>	236,950
	<b>838,838</b>	706,124	<b>638,853</b>	417,161

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Provisions for liabilities and charges

	Group and Association	
	2015	2014
	£	£
<b>Deferred taxation</b>		
Excess of capital allowances over depreciation	80,206	99,002
Short term timing differences	(4,750)	29,400
Losses	(3,767)	(50,857)
Pensions	-	-
<b>Deferred taxation liability excluding deferred tax on pension asset</b>	<b>71,689</b>	<b>77,545</b>
Balance as at 1 January	77,545	146,106
Deferred tax credit in profit and loss account	(14,996)	46,174
Adjustment in respect of prior periods	9,140	2,065
Deferred tax (charge)/credit in reserves for the period	-	(116,800)
<b>Balance as at 31 December</b>	<b>71,689</b>	<b>77,545</b>

	Group and Association	
	2015	2014
	£	£
<b>Deferred tax asset relating to pension deficit</b>		
Balance as at 1 January	-	(51,600)
Deferred tax charge to the statement of total recognised gains and losses:		
On actuarial losses	-	51,600
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>

### 16 General reserves

	Association	Restated	Restated
		SECI Limited	Total
	£	£	£
<b>Balance as at 1 January 2015</b>	4,146,683	7,027,481	11,174,164
Surplus for the year after net transfers to specific reserves	299,702	234,077	533,779
Other comprehensive income	(119,000)	-	(119,000)
<b>Balance at 31 December 2015</b>	<b>4,327,385</b>	<b>7,261,558</b>	<b>11,588,943</b>



## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 17 Specific reserves

	Opening Balance At 1 January 2015 £	Transfer to operating Statement £	Closing Balance At 31 December 2015 £
Capital Projects Reserve (a)	361,054	(10,297)	<b>350,757</b>
Guarantee Scheme Reserve (b)	43,708	(488)	<b>43,220</b>
<b>Total</b>	<b>404,762</b>	<b>(10,785)</b>	<b>393,977</b>

- (a) Exceptional maintenance and depreciation of the building.  
(b) Potential claims under existing guarantee scheme; re-launch of contracts completion guarantee scheme and the Scottish Government's Building Standards Division (BSD) Certification Scheme.

### 18 Reconciliation of operating surplus to net cash inflow from continuing operating activities

	2015 £	2014 £
Surplus for year before taxation	<b>454,140</b>	535,414
Loss on Investment	<b>61,811</b>	-
Depreciation	<b>129,049</b>	123,430
Post- Employment benefits less payments	<b>(119,000)</b>	(96,000)
Exceptional items	-	(100,000)
(Increase)/decrease in stocks	<b>(2,249)</b>	8,228
(Increase)/decrease in debtors	<b>(1,112,920)</b>	477,809
Increase in creditors	<b>118,519</b>	57,082
Increase/(decrease) in outstanding claims provision	<b>2,903</b>	(8,079)
Curtailement and de-recognition of pension asset	-	(179,000)
Other interest income	<b>(32,502)</b>	(41,997)
Other finance income	-	(51,000)
<b>Net cash inflow from operating activities</b>	<b>(500,249)</b>	725,887

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 19 Related party transactions

Transactions between the Association and Scottish Electrical Contractors' Insurance Limited ('SECI Limited'), have been eliminated on consolidation and therefore as permitted by Section 33.1A of FRS 102 'Related party disclosures' are not included in this note.

The Association is a joint partner in the Scottish Joint Industry Board for the Electrical Contracting Industry (SJIB), members of which are also members of the Association.

The Association provides management and other services for the SJIB and the fees charged in respect of these services amounted to £517,947 (2014: £497,538). Included in prepayments and accrued income are amounts due to the Association of £28,912 (2014: £52,638). Included within debtors are amounts of £163,256 (2014: £230,355) due to SECI Limited from the SJIB.

The Scottish Electrical Charitable Training Trust (SECTT) is a partner of the Association and through this relationship is also a related party. The Association received rental income from SECTT totalling £52,749 in the year (2014: £52,861). The Association also rented training space from SECTT in the year costing £17,125 (2014: £15,651).

All transactions between the Association and any related party are at an arm's length.

#### **Pension contributions:**

Payments have been made to the defined benefit pension scheme totalling £120,000 (£120,000 payments by employer (2014: £207,000 (£185,000 payments by employer and £22,000 payments by employees)).

#### **Key management personnel:**

The total amount paid in respect of compensation to key management personnel was £434,757 (2014: £446,761).

### 20 Financial commitments

At 31 December the Association had the following future minimum lease payments under non-cancellable operating leases, in respect of vehicles and equipment for each of the following periods:

	2015	2014
	£	£
Within two to five years	61,140	55,237

#### **Operating lease agreements where the Group is lessor:**

The leases are for vehicle contract hire and printers. The future minimum lease rentals receivable under non-cancellable operating leases for each of the following:

	2015	2014
	£	£
Not later than one year	51,413	51,403
After one year but not more than five years	61,140	55,237

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## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **21 Transition to FRS 102**

This is the first year that the Group and the Association has presented its results under FRS 102. FRS 102 has been adopted by the Group for year ended 31 December 2015. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile surplus for the financial year ended 31 December 2014 and the total reserves as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

The adoption of FRS102 has not resulted in any differences in the previously reported surplus for the year ended 31 December 2014, or the reserves at 1 January 2014 and 31 December 2014, which have already been restated for the effects of the change in accounting policy noted in note 1(x).

#### **A. Cash Flow Statement**

The cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive.