

DO NOT STAPLE  
PRINT ON ONE SIDE ONLY

## FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

### ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates?  Yes  No (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

e-mail:

**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

## 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
<b>2,703</b>	<b>21</b>	<b>37</b>	-	<b>2,761</b>

## 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
President	Paul McNaughton	Philip Fagg	24 April 2013
Senior Vice President	Philip Fagg	Andy Basham	24 April 2013
Vice President	Andy Basham	Dave Bromyard	24 April 2013/20 June 2013
Immediate Past President	Alun Pearson	Paul McNaughton	24 April 2013

# REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year		£	£
	<b>INCOME</b>		
	From Members                      Subscriptions, levies, etc	3,675,292	
	Investment income    Interest and dividends (gross)	660,243	
	Bank interest (gross)	40,903	
	Other (specify) Statute barred	70,340	
	Pension finance costs, interest from assoc undertaking	(94,000)	
			4,352,778
	Other income            Rents received	234,880	
	Insurance commission	13,169,953	
	Consultancy fees		
	Publications/Seminars/sundry	784,413	
	Miscellaneous receipts – Inspection	964,597	
	Realised Gains on sale of investments & discontinued	2,116,948	
	Share of Profits in equity accounted undertakings	286,612	
			17,557,403
	<b>TOTAL INCOME</b>		21,910,181
	<b>EXPENDITURE</b>		
	Administrative expenses		
	Remuneration and expenses of staff	7,916,213	
	Occupancy costs		
	Printing, Stationery, Post	15,641,712	
	Telephones		
	Legal and Professional fees		
	Miscellaneous (specify) Lloyds	-5,684,724	
	Provision		
			17,873,201
	Other charges		
	Bank charges		
	Depreciation		
	Sums written off		
	Affiliation fees		
	Donations		
	Conference and meeting fees		
	Expenses		
	Miscellaneous (specify) Pension	110,000	
	scheme		
			110,000
	Taxation	(866,532)	(866,532)
	<b>TOTAL EXPENDITURE</b>		17,116,669
	Surplus/Deficit for year		4,793,512
	Amount of fund at beginning of year (as reported)		31,197,211

Amount of fund at end of year	35,990,723
-------------------------------	------------

# 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)

ACCOUNT 4		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 5		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)

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 2013**  
 (see notes 19 and 20)

1

Previous Year	£	£
<b>Fixed Assets</b> (as at page 9)		5,148,046
<b>Investments</b> (as per analysis on page 10)		
Quoted (Market value £40,684,919)	38,286,834	
Unquoted	1,015,067	
<b>Total Investments</b>		39,301,901
<b>Other Assets</b>		
Sundry debtors	8,724,963	
Cash at bank and in hand	11,414,012	
Stocks of goods		
Others (specify)		
<b>Total of other</b>		20,138,975
<b>assets</b>		
	<b>TOTAL ASSETS</b>	64,588,922
<b>Liabilities</b>		
Fund (Account)		
Fund (Account)		
Fund (Account)		
Revaluation Reserve		
Loans		
Bank overdraft		
Tax payable		
Sundry creditors	6,833,833	
Accrued expenses	1,136,515	
Provisions(insurance Funds)	15,455,580	
Other liabilities Lloyd's	1,948,271	
Pension Scheme Deficit	3,224,000	
<b>TOTAL LIABILITIES</b>		28,598,199
	<b>TOTAL ASSETS</b>	35,990,723



## FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>COST OR VALUATION</b>				
At start of period	5,792,444	2,800,318	182,388	8,775,150
Additions during period		20,694		20,694
Less: Disposals during period		(631,506)	(159,862)	(791,368)
Less: DEPRECIATION:	(976,370)	(1,857,534)	(22,526)	(2,856,430)
Total to end of period				
<b>BOOK AMOUNT</b> at end of period	4,816,074	331,972		5,148,046
Freehold	4,816,074			
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>AS BALANCE SHEET</b>	4,816,074	331,972		5,148,046

# 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) Unitised investments	38,286,834
	TOTAL QUOTED (as Balance Sheet)	38,286,834
	*Market Value of Quoted Investments	40,684,919
<b>UNQUOTED</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified) ESCA Estates	789,017
	JIB Pension Trustee Co Ltd	50
	Certsure	226,000
	TOTAL QUOTED (as Balance Sheet)	1,015,067
	*Market Value of Unquoted Investments	1,015,067

\* 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)

<b>Does the association, or any constituent part of the association, have a controlling interest in any limited company?</b>		YES	
If YES name the relevant companies:			
COMPANY NAME  See note 17	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
<b>INCORPORATED EMPLOYERS' ASSOCIATIONS</b>			
<b>Are the shares which are controlled by the association registered in the association's name</b>		YES	
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>			
<b>Are the shares which are controlled by the association registered in the names of the association's trustees?</b>		YES	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	3,675,292	-	3,675,292
From Investments	6774,486	-	6774,486
Other Income (including increases by revaluation of assets)	17,463,403 551	-	17,463,403 551
<b>Total Income</b>	21,910,181	-	21,910,181
<b>EXPENDITURE</b> (including decreases by revaluation of assets)			
<b>Total Expenditure</b>	17,116,669	-	17,116,669
<b>Funds at beginning of year</b> (including reserves)	31,197,211	-	31,588,560 197,211
<b>Funds at end of year</b> (including reserves)	35,990,723	-	35,990,723
<b>ASSETS</b>			
Fixed Assets			5,148,046
Investment Assets			39,301,901
Other Assets			20,138,975
		<b>Total Assets</b>	64,588,922
<b>LIABILITIES</b>		<b>Total Liabilities</b>	28,598,199
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			35,990,723

# NOTES TO THE ACCOUNTS

(see note 36)

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

A large, empty rectangular box with a black border, intended for the user to enter or attach notes to the accounts. The box occupies most of the page below the instructions.

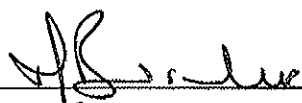
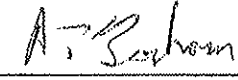
# ACCOUNTING POLICIES

(see notes 37 and 38)

## SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>M. Sweeney</u> Date: <u>31/7/2014</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>A. T. Basham</u> Date: <u>31/7/2014</u>
---	--

## CHECK LIST

(see note 41)

(please tick as appropriate)

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

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/NO

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)

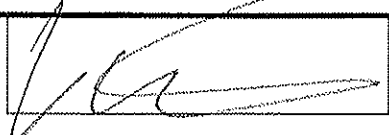
YES/NO

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 DOCUMENT

# AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:		
Name(s):	HAYSMACINTYRE	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS	
Address(es):	26 RED LION SQUARE LONDON WC1R 4AG	
Date:	31 JULY 2014	
Contact name and telephone number:	Simon Wilks 020 7969 5525	

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



## INDEPENDENT AUDITORS' REPORT TO THE ELECTRICAL CONTRACTORS' ASSOCIATION

We have audited the attached financial statements of The Electrical Contractors' Association for the year ended 31 December 2013 which comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Association Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Association, as a body, in accordance with Section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association as a body, for our audit work, for this report, or for the opinions formed.

### Respective responsibilities of directors and auditors

The Council's Members are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom generally Accepted Accounting Practice).

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with applicable law and the United Kingdom Accounting Standards. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standard on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with applicable law, United Kingdom Accounting Standard and the Industrial Relation (NI) Order 1002. We also report to you if, in our opinion, the Council's Report or Strategic Report of the Council is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Association is not disclosed.

### Basis of opinion

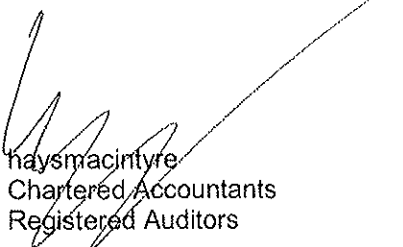
We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

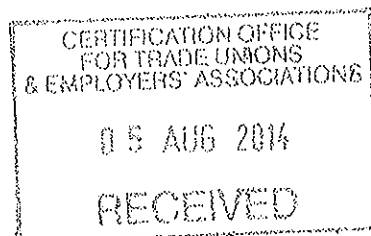
- the financial statements give a true and fair view of the state of the Group and the Association's affairs as at 31 December 2013 and of the group result for the year then ended;
- have been properly prepared in accordance with applicable law, United Kingdom Accounting Standards and the Trade Union and Labour Relations (Consolidation) Act 1992; and
- the information given in the Report of the Council and Strategic Report of the Council if consistent with the financial statements.

  
haysmacintyre  
Chartered Accountants  
Registered Auditors

26 Red Lion Square  
London  
WC1R 4AG

Date: 31 JULY 2014

**THE ELECTRICAL CONTRACTORS' ASSOCIATION**  
**CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2013**



## **The Electrical Contractors' Association**

### **Strategic Report Of The Council**

#### **For The Year Ended 31<sup>st</sup> December 2013**

The Council presents their strategic report for the year ended 31<sup>st</sup> December 2013.

#### **PRINCIPAL ACTIVITIES**

The Association is a Trade Association which deals with technical, legal, contractual, education and training, and labour relations matters in the electrical contracting industry, maintaining contact with the electricity supply authorities and supplying members with statistical and other information. In addition the Association, through its group companies, provides various commercial and insurance services.

During the year, an agreement was entered into with the Electrical Safety Council (ESC) to transfer the Association's commercial training, inspection and assessment activities into a joint venture, Certsure LLP, with effect from 1<sup>st</sup> April 2013. It is anticipated that there will be increased future revenue streams from this joint venture.

#### **KEY PERFORMANCE INDICATORS**

The Group's main source of income derives from subscriptions, insurance services and investments. The Association uses a range of key performance indicators to measure its performance:

- **Membership numbers**  
Membership fell from 2,792 to 2,728 in 2013.
- **Investments**  
Investments are held to provide a dividend return and capital growth to help fund the Group's activities. The investments are held in a combination of cash and liquid unit trusts where the underlying assets are a mixture of investment-grade bonds.
- **Insurance Company Capital and Financial Rating**  
ECIC seeks to maintain a high financial rating, as issued by a recognised rating agency. This is A – (secure) which was first awarded by AM Best in July 2010 and retained in 2013.

#### **DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR**

As reported in the Association's report on page 6, the Association shows a profit for the year before tax of £4,036,980 (2012: £10,903,888).

The operating loss before investment income on continuing activities has increased from £2.978m to £4.946m due mainly to the underwriting losses in ECIC of £3.116m in the year as against an underwriting profit of £0.812m in 2012. This loss included reserve strengthening in respect of asbestosis claims of £1.358m. Offset against this increase was the improvement in ECA Limited's operating loss by £1.805m in the year partly explained by the accelerated payment of pension deficit in 2012 (£1.036m) and a planned reduction in operating expenditure.

The profit for the year includes a surplus of £5.684m arising from the closure of the Association's exposure to the Lloyds Syndicate. Following the reinsurance to close contract in February 2014, the final cash call is £1.948m, £5.684m lower than the amount provided in last year's accounts. The Association is required to lodge collateral to meet future liabilities and at the end of the year investments with a market value of £11.254m were pledged with the society of Lloyd's as collateral as compared to the outstanding liability of £1.948m at that time. (see notes 7, 18 & 26).

The share of profits from Certsure for the first 9 months trading are disclosed under note 8 and are ahead of budget.

The insurance division, during 2013, built upon its strategy of focusing on controlled growth within its core markets. This focused approach linked to targeted marketing and underwriting enabled the business to regain ground lost in early 2010. The development of new products and services for its partner brokers affinity groups and associations has remained at the forefront of activity. New business and renewal

## **The Electrical Contractors' Association**

### **Strategic Report Of The Council (continued)**

**For The Year Ended 31<sup>st</sup> December 2013**

#### **DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR**

retention rates were strong, particularly for members of the association where a differentiated cross-over general insurance, benefits and training proposition with the Group's insurance services business significantly aided business performance.

The business remains committed to its mission of developing a strong niche position within the specialist contracting market which will be achieved by building on its "Affinity Franchise" and a rigorous focus on underwriting discipline and control. Its business has a strong portfolio, which it is broadening into aligned contracting trades.

#### **FINANCIAL POSITION AT THE REPORTING DATE**

The balance sheet shows that the Association's net assets at the year-end have increased from £31.2m to £36.0m. This is due to the £4.9m net profit in 2013. The Association had cash at bank of £14.8m and an overdraft of £3.4m on a separate account. The Association does not have an overdraft facility but there is a facility to aggregate and offset balances in ECA Limited with that of EC Insurance Holdings Limited.

#### **PRINCIPAL RISKS FACING THE BUSINESS**

As a membership organisation the support of members is crucial in continuing to be a body representative of its sector in the market place. Any reduction in this support is seen as a principal risk facing the Association.

Council, mindful of the considerable impact that the Lloyd's venture has had on Association's reserves, has implemented change to the business model of the Association, so that the provision of its core member services and benefits become less reliant on future returns from commercial investments and any drawdown from reserves. Interim targets have been set and exceeded. The journey continues into 2014 and those targets are on course to be met without any reduction in members' services.

ECIC has continued to address key aspects of governance, risk management and reporting, with the business implementing further changes to its governance structures and internal risk management processes during the year. The discipline and rigour of working to achieve compliance with Solvency II has been good for the business and its systems and processes have improved significantly as it aligns itself to the Solvency II regime and the expectations of rating agencies. AM Best re-affirmed ECIC's A- (secure) financial strength in 2013.

As regards insurance, the main risks, which are evaluated and managed on an ongoing basis, are:

- Financial rating - maintaining the A- (secure) rating
- Underwriting performance - premium rating, lapse ratios and new business premiums are tracked on a monthly basis and on an optimised study basis. Current premium rating, as related to historic claims records, inflation and insurance market trends, is fully analysed within the stochastic modelling to ensure adequate pricing

The pension scheme deficit as detailed in note 23 is an ongoing issue. The Trustees have developed an investment strategy which will be more reactive to market conditions and over time will be more aligned to the scheme's liabilities.

By Order of the Council  
M J BURNLEY  
Secretary

ESCA House,  
34 Palace Court,  
London,  
W2 4HY

31 July 2014

## **The Electrical Contractors' Association**

### **Report Of The Council**

#### **For The Year Ended 31<sup>st</sup> December 2013**

The Council presents their report and financial statements for the year ended 31<sup>st</sup> December 2013.

#### **FINANCIAL INSTRUMENTS**

The Association's principal financial instruments comprise bank balances, investments, other debtors, and other creditors. The main purpose of these instruments is to finance the Association's operations. The Association manages its cash requirements to maximise interest income and minimise bank charges whilst ensuring that it has sufficient liquid resources to meet the operating needs of its business.

#### **FUTURE DEVELOPMENTS**

Council consider that the forthcoming year will be another challenging year in terms of retention and growth in membership. The pace and durability of economic recovery is uncertain but the contracting and building services sector, where our members operate, does appear to be picking up although they are normally the last to feel the benefits of economic upturn.

#### **EVENTS POST BALANCE SHEET DATE**

The exposure to the 2010 and 2011 underwriting years at the Lloyds Syndicate was finalised through a reinsurance to close contract taken out in February 2014. There was a further cash call of £1.948m in June 2014. This has resulted in the release of investments held at Lloyds of circa £9.5m.

#### **DIRECTORS AND OFFICERS LIABILITY INSURANCE**

During the year the Electrical Contractors' Association Limited, EC Insurance Holdings Limited, the Electrical Contractors' Insurance Company Limited and the Electrical Contractors Insurance Services Limited maintained liability insurance for their Directors and Officers.

#### **GOING CONCERN**

Council has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing financial statements.

#### **DISCLOSURE IN THE COUNCIL REPORT**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium – sized Companies and Groups (accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the council report have been omitted as they are included in the strategic report on pages 1 and 2. These matters relate to development and financial performance in the year and financial position at the reporting date.

#### **MEMBERS OF THE COUNCIL**

The members who served during the period were:

Appel, I. (from 14.05.2014)	Hope, A. (to 14.05.2014)	Smith, M. (from 14.05.2014)
Bailey, M.R.	Kieft, D.	Smithson, B. (from 14.05.2014)
Basham, A.T.	Lilley, M. (to 14.05.2014)	Smyth, S.
Bratt, S.	Lewis, D. (to 24.04.2013)	Sumner, P. (to 14.05.2014)
Bromyard, D. (from 20.06.2013 to 22.04.2014)	McNaughton, P.	Teader, G.
Crofts, M.	McSean, B.	Thompson, M. (from 24.04.2013)
Darragh, L. (from 24.07.2013)	Metcalfe, G. (to 24.07.2013)	Timmins, G. (from 24.04.2013)
Delaney, K. (to 24.04.2013)	Murley, K.	Walker, S.
Fagg, P.	Murray, S. (from 14.05.2014)	Wright, W. (to 4.12.2013)
Gorman, T. (from 24.04.2013 to 14.05.2014)	Pearson, A. (to 24.04.2013)	
	Prout, I. (from 14.05.2014)	
	Salter, D.	

## **The Electrical Contractors' Association**

### **Report Of The Council (Continued)**

#### **For The Year Ended 31<sup>st</sup> December 2013**

#### **STATEMENT OF COUNCIL RESPONSIBILITIES**

The Council has decided to prepare the Strategic Report, the Report of the Council and the Group Accounts in accordance with applicable law and regulations.

Company law requires the council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that period. In preparing these financial statements, the Council members are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the with applicable law and regulations. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **INFORMATION TO AUDITORS**

So far as each council member is aware, there is no relevant audit information of which the Association's auditors are unaware. Each council member has taken all the steps he ought to have taken as a council member to make himself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

#### **AUDITORS**

haysmacintyre have expressed their willingness to be re-appointed and a resolution will be submitted to the Annual General Meeting.

By Order of the Council  
M J BURNLEY  
*Secretary*

ESCA House,  
34 Palace Court,  
London,  
W2 4HY

31 July 2014

## **The Electrical Contractors' Association**

### **Independent Auditors' Report**

#### **To The Members Of The Electrical Contractors' Association**

We have audited the financial statements of The Electrical Contractors' Association for the year ended 31<sup>st</sup> December 2013 which comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Association Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, Note of Historical Cost Surplus and Deficit and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association's members 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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the council and auditors**

As explained more fully in the Council Responsibilities, the Association's Council Members 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31<sup>st</sup> December 2013 and of the Group's profit 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.

#### **Opinion on other matters**

In our opinion the information given in the Report of Council and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Wilks (senior statutory auditor)

for and on behalf of

haysmacintyre,

Statutory auditors

26 Red Lion Square

London

WC1R 4AG

31 July 2014

**The Electrical Contractors' Association**  
**Consolidated Revenue Account**  
**For The Year Ended 31<sup>st</sup> December 2013**

		2013	2012
	Notes	£	£
Turnover	3 & 4		
Continuing Activities		17,546,359	15,165,248
Discontinued Activities		1,047,896	4,773,152
		<u>18,594,255</u>	<u>19,938,400</u>
Cost of sales	3 & 5		
Continuing Activities		(22,492,483)	(18,142,888)
Discontinued Activities		(1,065,442)	(4,536,610)
		<u>(23,557,925)</u>	<u>(22,679,498)</u>
Operating deficit before investment income and exceptional income	3 & 6		
Continuing Activities		(4,946,124)	(2,977,640)
Discontinued Activities		(17,546)	236,542
		<u>(4,963,670)</u>	<u>(2,741,098)</u>
Exceptional Income/(costs)	7	5,684,724	(1,486,705)
Operating surplus/(deficit) before investment income		721,054	(4,227,803)
Share of profits in equity accounted undertakings	8	286,612	54,274
Investment and other income	9	912,366	1,454,211
Profit on disposal of discontinued operations		-	1,473,582
Gain on sale of investments		2,116,948	12,149,624
Profit on ordinary activities before taxation		<u>4,036,980</u>	<u>10,903,888</u>
Taxation on ordinary activities	12	866,532	(934,237)
Retained profit for the financial year	13	<u>4,903,512</u>	<u>9,969,651</u>

The accompanying notes form an integral part of these financial statements.



**The Electrical Contractors' Association**  
**Consolidated Revenue Account**  
**For The Year Ended 31<sup>st</sup> December 2013**

**Statement of Total Recognised Gains and Losses**

		2013	2012
	Notes	£	£
Result for the financial year		4,903,512	9,969,651
Actuarial losses on net pension costs	23	34,000	(87,000)
Movement on deferred tax relating to pension deficit		(144,000)	(274,000)
		<u>4,793,512</u>	<u>9,608,651</u>

**Note of Historical Cost Surplus and Deficit**

	2013	2012
	£	£
Reported surplus on ordinary activities before taxation	4,036,980	10,903,888
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount in associated undertaking	5,545	5,545
	<u>£4,042,525</u>	<u>£10,909,433</u>
Historical cost surplus on ordinary activities before taxation		
	<u>£4,909,057</u>	<u>£9,975,196</u>

**Reconciliation of Movements in Members' Funds**

	2013	2012
	£	£
Result for the financial year	4,903,512	9,969,651
Other recognised losses	(110,000)	(361,000)
Members' funds at 1st January 2013	31,197,211	21,588,560
	<u>£35,990,723</u>	<u>£31,197,211</u>

**The Electrical Contractors' Association**

**Consolidated Balance Sheet**

**At 31<sup>st</sup> December 2013**

		2013	2012
		£	£
<b>Fixed assets</b>			
Intangible fixed assets	Notes 15	-	-
Tangible fixed assets	16	<b>5,148,046</b>	5,414,596
Investments	17	<b>1,015,067</b>	744,010
		<u><b>6,163,113</b></u>	<u>6,158,606</u>
<b>Current assets</b>			
Investments	18	<b>28,235,810</b>	29,941,310
Investments pledged at Lloyds	18	<b>10,051,024</b>	10,047,323
Stock		-	123,954
Debtors	19	<b>8,724,963</b>	5,375,133
Cash at bank and in hand		<b>11,414,012</b>	11,171,333
		<u><b>58,425,809</b></u>	<u>56,659,053</u>
<b>Creditors:</b>			
Amounts falling due within one year	20	<b>(14,154,581)</b>	(13,523,780)
Provision for other liabilities and charges	21	<b>(11,219,618)</b>	(7,356,971)
		<u><b>(25,374,199)</b></u>	<u>(20,880,751)</u>
<b>Net current assets</b>		<b>33,051,610</b>	35,778,302
<b>Total assets less current liabilities</b>		<b>39,214,723</b>	41,936,908
<b>Creditors:</b>			
Amounts falling due after one year	22	-	(7,655,697)
<b>Net assets before pension deficit</b>		<b>39,214,723</b>	34,281,211
Pension scheme deficit	23	<b>(3,224,000)</b>	(3,084,000)
<b>Net Assets Including Pension Deficit</b>		<b>£35,990,723</b>	£31,197,211
<b>Reserves</b>			
Accumulated fund	13	<b>35,795,273</b>	30,996,216
Revaluation reserve	14	<b>195,450</b>	200,995
<b>Total Funds</b>		<u><b>£35,990,723</b></u>	<u>£31,197,211</u>

The financial statements were approved and authorised for issue by the Council and signed on its behalf by:

.....  
A Basham

.....  
P Fagg

31 July 2014

The accompanying notes form an integral part of these financial statements.

**The Electrical Contractors' Association**

**Balance Sheet**

**At 31<sup>st</sup> December 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>INVESTMENT</b>		
The Electrical Contractors' Association Limited		
1,507 6% Cumulative Preference Shares of £1 each, fully paid at cost	<b>£1,507</b>	£1,507
	<u>          </u>	<u>          </u>
<b>RESERVES</b>		
Accumulated fund	<b>£1,507</b>	£1,507
	<u>          </u>	<u>          </u>

The financial statements were approved and authorised for issue by the Council and signed on its behalf by:

.....  
A Basham

31 July 2014

.....  
P Fagg

# The Electrical Contractors' Association

## Notes To The Accounts

### For The Year Ended 31<sup>st</sup> December 2013

#### 1. Liability Of Members

The liability of members is fixed by the Memorandum of Association at a sum not to exceed £1 per member in the event of a winding up.

#### 2. Accounting Policies

The financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

##### (a) Basis of Accounting

The accounts have been prepared under the historical cost convention.

##### (b) Basis of Consolidation

The group accounts include the accounts of the Association, all its subsidiaries and a company limited by guarantee deemed to be controlled by the Association. The Group's share of its associate's results and net assets are included on an equity accounting basis.

One of the subsidiaries is an authorised Insurance Company whose own financial statements are drawn up in accordance with Schedule 3 to the Companies Act 2006 (applicable to insurance companies). These regulations do not apply to the consolidated accounts because the group is not an insurance group, and therefore the consolidated accounts have been drawn up in accordance with Part 15 of the Companies Act 2006.

Transactions and balances relating to activities subject to severe long term restrictions are excluded from the Group accounts in accordance with FRS 2

##### (c) JIB Combined Benefits Scheme

The Association is responsible for the transactions, assets and liabilities relating to the management of the JIB Combined Benefits Scheme.

Provision is made for all potentially repayable amounts with the exception of items that are statute barred.

##### (d) Turnover

Turnover represents members' subscriptions and amounts receivable from the provision of various commercial and insurance services. An incentive rebate is deducted from turnover.

##### (e) Interest and Dividends

Interest, except short-term deposit interest, and dividends are recognised on a received basis. Short-term deposit interest is recognised on an accrued basis.

##### (f) Depreciation

- i) Depreciation is charged on freehold property at the rate of 2% of cost per annum. No depreciation is charged on freehold land.
- ii) Other assets are written off on a reducing balance basis. Fixtures and fittings and computer equipment are written off at rates of 10% to 33 $\frac{1}{3}$ % per annum. Motor vehicles at a rate of 33 $\frac{1}{3}$ % per annum. Computer software is written off in the year of purchase.

## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

#### 2. Accounting Policies (Continued)

##### (g) Intangible Fixed Assets and Amortisation

Intangible fixed assets are stated at cost less amortisation. Amortisation is calculated to write down the cost of all intangible fixed assets by equal monthly instalments over their expected useful lives.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets and liabilities at the date of acquisition and is disclosed separately in fixed assets.

##### (h) Insurance Accounting Policies

###### i) Gross Written Premiums and Outward Reinsurance Premiums

Insurance premiums comprise all amounts, net of insurance premium tax due, attributable to risks borne by the Company in the financial year, together with any differences between booked premiums for prior years and those previously accrued. Outward re-insurance premiums are attributable to the financial year to correspond with gross premiums written.

###### ii) Unearned Premiums

Unearned premiums are calculated on a pro rata per diem basis except for sickness benefit insurances which are earned upon receipt

###### iii) Acquisition Costs

Acquisition costs comprise the costs arising from the conclusion of insurance contracts.

###### iv) Deferred Acquisition Costs and Reinsurance Commissions

Acquisition costs and reinsurance commissions are deferred over the period in which the related premiums are earned.

###### v) Provision for Claims

The provision for claims includes the estimated cost of claims incurred but not settled net of reinsurance at the year-end, and a provision for claims incurred but not reported. This includes loss adjustment expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries

###### vi) Reinsurance Commissions

These commissions are recognised in the financial year attributable to risks borne in that year.

###### vii) Profit Commission

Profit commission is recognised in the financial statements based on the estimated ultimate premium and the losses incurred on that business. Both these amounts are determined for the purpose of these financial statements taking into account historical trends and current market conditions.

##### (i) Fixed Asset Investments

Fixed asset investments are stated at the lower of cost and Council Members' valuation. Cost includes the Council's estimate of any deferred consideration payable.

## **The Electrical Contractors' Association**

### **Notes To The Accounts (Continued)**

**For The Year Ended 31<sup>st</sup> December 2013**

#### **2. Accounting Policies (Continued)**

##### **(j) Current Asset Investments**

- i) Investments are stated in the balance sheet at cost, which in aggregate is below market value. Where dealings in an investment have been suspended, the directors have taken a provision for loss in value. Realised gains and losses on investments are reflected in the revenue account by reference to original cost.
- ii) Realised gains and losses are taxed as capital gains or losses, with the exception of those of the Insurance Companies that are taxed as trading profits or losses.

##### **(k) Stock**

Stocks are valued at the lower of cost and net realisable value after making due allowances for obsolete and slow moving stocks.

##### **(l) Deferred Taxation**

Full provision is made for deferred tax in respect of all non-permanent timing differences that have originated but not reversed at the balance sheet date.

##### **(m) Pension Costs**

The group operated both defined benefit and defined contribution retirement benefit schemes during the year.

The liability recognised in the balance sheet in respect of the group's defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated using the projected unit credit method. Formal actuarial valuations are carried out on a triennial basis, with updated calculations being prepared at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The cost of providing future benefits (service cost) is charged to the consolidated revenue account in cost of sales. The return on scheme assets and interest obligation on scheme liabilities comprise a pension finance adjustment which is included in investment and other income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity and shown in the Statement of Total Recognised Gains and Losses (STRGL) in the period in which they arise.

##### **(n) Operating Leases**

Rentals payable are charged on a time basis over the lease term.

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31<sup>st</sup> December 2013**

**3. Continuing and Discontinued Operations**

	2013			2012		
	Continuing operations £	Discontinued operations £	Total £	Continuing operations £	Discontinued operations £	Total £
Turnover	17,546,359	1,047,896	18,594,255	15,165,248	4,773,152	19,938,400
Cost of Sales	(22,492,483)	(1,065,442)	(23,557,925)	(18,142,888)	(4,536,610)	(22,679,498)
Operating deficit	£(4,946,124)	£(17,546)	£(4,963,670)	£(2,977,640)	£236,542	£(2,741,098)

During the year the Association transferred its commercial training, inspection and assessment activities into a joint venture, Certsure LLP, with effect from 1<sup>st</sup> April 2013. In 2012 the Association disposed of its interests in PropertyRisks.

**4. Turnover**

	2013			2012
	Continuing operations £	Discontinued operations £	Total £	Total £
Subscriptions	3,615,782		3,615,782	4,053,240
Incentive rebate	59,510		59,510	61,949
Commercial services	4,034,476		4,034,476	3,207,407
Sundry income	20,853		20,853	84,639
Health and safety assessment income	680,261		680,261	735,704
	8,410,882		8,410,882	8,142,939
Discontinued Activities:				174,729
Seminar income		83,299	83,299	300,999
Inspection and assessment income		964,597	964,597	4,297,424
	8,410,882	1,047,896	9,458,778	12,916,091
Insurance premiums – net premiums written	10,548,753		10,548,753	7,187,635
Change in net provision for unearned premiums	(1,413,276)		(1,413,276)	(165,326)
Insurance activities	9,135,477		9,135,477	7,022,309
	17,546,359	1,047,896	£18,594,255	£19,938,400

Turnover relates wholly to activities in the United Kingdom.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

5. Cost of Sales

	2013			2012
	Continuing operations	Discontinued operations	Total	Total
	£	£	£	£
Administration costs	12,795,623		12,795,623	13,263,847
Health and safety assessment	579,949		579,949	315,708
Insurance operating costs	7,570,375		7,570,375	2,844,533
Regional allocations and office costs	1,546,536		1,546,536	1,718,800
	<b>22,492,483</b>	<b>-</b>	<b>22,492,483</b>	<b>18,142,888</b>
Discontinued activities				165,665
Inspection and assessment costs		957,078	957,078	4,124,141
Seminar and health and safety assessment costs		108,364	108,364	246,804
	<b>-</b>	<b>1,065,442</b>	<b>1,065,442</b>	<b>4,536,610</b>
	<b>£22,492,483</b>	<b>£1,065,442</b>	<b>£23,557,925</b>	<b>£22,679,498</b>

6. Supplementary Revenue Information

	2013	2012
	£	£
The operating surplus for the year is stated after charging:		
Auditors' remuneration: audit	19,500	23,350
tax	5,000	4,650
other services	10,500	11,750
Depreciation	205,335	430,742
Operating lease rentals	274,223	347,990
Loss/(surplus) on disposal of tangible fixed assets	1,711	(17,728)

7. Exceptional income/(costs)

	2013	2012
	£	£
Reduction in provision for Syndicate's losses at Lloyds	£5,684,724	£(1,486,705)



## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

#### 8. Share Of Profits Before Tax And Dividends In Equity Accounted Undertakings

The above amounts are based upon the last available accounts that are not all coterminous with the group's year-end.

	2013	2012	
Holding %	£	£	
ESCA Estates Limited	42.86	60,612	54,274
JIB Pension Scheme Trustee Co. Limited	50	-	-
Certsure LLP	25	226,000	-
		<u>£286,612</u>	<u>£54,274</u>

#### 9. Investment And Other Income

	2013	2012
	£	£
Investment income from unitised investments	646,126	900,686
Other investment income	13,356	382,894
Rental income	234,880	245,621
Interest received	40,903	53,285
Statute barred stamps written back	70,340	68,964
Pension finance costs	(94,000)	(198,000)
Interest received from associated undertakings	761	761
	<u>£912,366</u>	<u>£1,454,211</u>

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31<sup>st</sup> December 2013**

**10. Directors' Remuneration**

During the year, the directors of the undertaking's intermediate holding company received the following remuneration.

	2013	2012
	£	£
As a director	294,119	294,123
Benefits in kind	11,780	10,534
Pension	36,037	37,467
	<u>£341,936</u>	<u>£342,124</u>
Highest paid director		
Emoluments	179,426	180,165
Pension	20,554	20,370
	<u>£199,980</u>	<u>£200,535</u>

Retirement benefits were accruing for 2 directors of the undertaking's intermediate holding company throughout the year (2012: 2 directors).

**11. Staff Numbers And Costs**

The average number of persons employed by the group (excluding non-executive members of Council who are not full time employees) during the year was as follows:

	2013	2012
	No	No
Administration	<u>153</u>	<u>215</u>

The aggregate payroll costs of these persons were as follows:

	2013	2012
	£	£
Salaries	6,571,929	8,096,530
Social security costs	739,315	897,934
Current pension service costs		
– defined benefits scheme deficit	64,000	1,300,000
– defined contribution scheme	586,651	813,989
– additional employer contributions	18,318	112,035
	<u>£7,980,213</u>	<u>£11,220,488</u>

**The Electrical Contractors' Association**

**Notes To The Accounts (Continued)**

**For The Year Ended 31<sup>st</sup> December 2013**

**12. Taxation**

	2013	2012
	£	£
UK corporation tax	(1,131,977)	1,216,851
Share of corporation tax in equity accounted undertakings	15,555	14,176
Overprovision in prior years	(146,364)	(161,298)
	<u>(1,262,786)</u>	<u>1,069,729</u>
Income tax repayable	(109,319)	(121,039)
Deferred tax charge	505,573	(14,453)
Total current tax charge	<u>£(866,532)</u>	<u>£934,237</u>

The tax assessed for the year differs from the standard corporation tax rate in the UK of 23.25% .

The differences are explained as follows:

	2013	2012
	£	£
Result on ordinary activities before tax	<u>£4,036,980</u>	<u>£10,903,888</u>
Result on ordinary activities before tax multiplied by the standard corporation tax rate of 23.25% (2012: 24.50%)	938,597	2,671,452
Effects of:		
Depreciation in excess of capital allowances	31,623	13,617
Amounts disregarded for tax purposes	(1,353,732)	238,867
Indexation allowance	(202,824)	(1,259,660)
Dividend and distribution income	29,912	(37,326)
Movement in deferred tax	(505,573)	14,453
Small companies relief	(60,496)	(2,224)
Losses carried forward against future profits	6,170	-
Utilisation of Capital losses brought forward	-	(188,097)
Provision for unrealised losses on investments	-	78,567
Other timing differences	(99)	(298,622)
Overprovision in prior years	(146,364)	(161,298)
UK corporation tax	<u>£(1,262,786)</u>	<u>£1,069,729</u>

DEFERRED TAX	2013	2012
	£	£
Movement in mark to market insurance gains	(505,573)	14,453
Deferred tax charge for the year	(505,573)	14,453
At 1st January 2013	756,376	741,923
At 31st December 2013	<u>£250,803</u>	<u>£756,376</u>

As explained in note 2(b) the accounts are not drawn up in accordance with Schedule 3 to the Companies Act 2006 (applicable to insurance companies) with the effect that the group accounts recognise tax on mark to market movements but not the corresponding unrealised investment movement.

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31<sup>st</sup> December 2013**

**13. Accumulated Fund**

	2013	2012
	£	£
At 1st January 2013	30,996,216	21,382,020
Result for the financial year		
Holding undertaking	-	-
Subsidiary undertakings	4,632,455	9,929,553
Associated undertakings	271,057	40,098
Result for the financial year	4,903,512	9,969,651
	35,899,728	31,351,671
Actuarial loss on pension scheme	34,000	(87,000)
Movement on deferred tax relating to pension asset	(144,000)	(274,000)
Transfer from revaluation reserve	5,545	5,545
	£35,795,273	£30,996,216
At 31st December 2013	£35,795,273	£30,996,216

**14. Revaluation Reserve**

	<i>Share of Associate's revaluation reserve</i>
	£
At 1st January 2013	200,995
Transfer of depreciation on revalued amount in associated company	(5,545)
	£195,450
At 31st December 2013	£195,450

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31<sup>st</sup> December 2013**

**15. Intangible Fixed Assets**

	<i>Goodwill</i>
	£
<b>COST</b>	
At 1st January 2013	<b>2,099,979</b>
Disposal	"
	<hr/>
At 31st December 2013	<b>£2,099,979</b>
	<hr/> <hr/>
<b>AMORTISATION</b>	
At 1st January 2013	<b>2,099,979</b>
Disposal	"
	<hr/>
At 31st December 2013	<b>£2,099,979</b>
	<hr/> <hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2013	<b>£ -</b>
	<hr/> <hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2012	<b>£ -</b>
	<hr/> <hr/>

The goodwill arising on the acquisition of ECA Affinity Services Limited in 2007 amounting to £2,099,979 was written off over 5 years.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

16. Tangible Fixed Assets

	<i>Freehold land and buildings</i>	<i>Fixtures, fittings &amp; computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
<b>COST</b>				
At 1st January 2013	<b>5,792,444</b>	<b>2,800,318</b>	<b>182,388</b>	<b>8,775,150</b>
Additions	-	<b>20,694</b>	-	<b>20,694</b>
Disposals	-	<b>(631,506)</b>	<b>(159,862)</b>	<b>(791,368)</b>
At 31st December 2013	<b>5,792,444</b>	<b>2,189,506</b>	<b>22,526</b>	<b>8,004,476</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1st January 2013	<b>877,968</b>	<b>2,336,325</b>	<b>146,261</b>	<b>3,360,554</b>
Charge for year	<b>98,402</b>	<b>100,998</b>	<b>5,935</b>	<b>205,335</b>
Disposals	-	<b>(579,789)</b>	<b>(129,670)</b>	<b>(709,459)</b>
At 31st December 2013	<b>976,370</b>	<b>1,857,534</b>	<b>22,526</b>	<b>2,856,430</b>
<b>NET BOOK VALUE</b>				
At 31st December 2013	<b>£4,816,074</b>	<b>£331,972</b>	-	<b>£5,148,046</b>
At 31st December 2012	<b>£4,914,476</b>	<b>£463,993</b>	<b>£36,127</b>	<b>£5,414,596</b>

## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

#### 17. Fixed Asset Investments

	2013 £	2012 £
Shares in associated undertakings at cost:		
ESCA Estates Limited	30,000	30,000
JIB Pension Scheme Trustee Co. Limited	50	50
	<u>30,050</u>	<u>30,050</u>
Share of retained reserves in associated undertakings:		
ESCA Estates Limited	563,566	512,964
JIB Pension Scheme Trustee Co. Limited	-	-
Certsure LLP	226,000	-
	<u>789,566</u>	<u>512,964</u>
Share of revaluation reserve in ESCA Estates Limited	195,451	200,996
	<u>195,451</u>	<u>200,996</u>
Total fixed asset investments at cost	<u><u>£1,015,067</u></u>	<u><u>£744,010</u></u>

#### Subsidiary Undertakings

<i>Name Of Company</i>	<i>Shares Held</i>	<i>% Of Shares Held Directly Or Indirectly</i>	<i>Principal Activity</i>
The Electrical Contractors Association Limited	6% Cumulative Preference Shares	100%	Trade Association
ECA Affinity Services Limited	£1 Ordinary Shares	100%	Dormant
EC Insurance Holdings Limited	£1 Ordinary Shares	100%	Insurance holding company

The following are subsidiaries directly or indirectly owned by EC Insurance Holdings Limited:

Electrical Contractors' Insurance Company Limited	Ord £1	100%	Insurance
Electrical Contractors Insurance Services Limited	Ord £1	100%	Insurance mediation services
Brandrisks Group Limited	Ord £1	100%	Dormant
Brandrisks Limited	Ord £1	100%	Dormant
Sportsrisks Limited	Ord £1	100%	Dormant

ECA Certification Limited, a company limited by guarantee operating third party certification activities, has also been consolidated as it is deemed to be controlled by the Electrical Contractors' Association.

## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

#### 17. Fixed Asset Investments continued.

Associated Undertakings		% Of Shares		Principal Activity
Name Of Company	Shares Held	Held (Indirectly)		
ESCA Estates Limited	£1 Ordinary Shares	42.857%		Property Company
JIB Pension Scheme Trustee Co. Limited	£1 Ordinary Shares	50%		Manager of BlueSky Pension Scheme
Certsure LLP		25%		Certification and assessment

All subsidiary undertakings, associated undertakings and other fixed asset investments are registered in England and Wales.

#### 18. Current Asset Investments

	2013	2012
	£	£
<b>LISTED SECURITIES</b>		
<b>COST</b>		
- UK Unitised funds	14,114,027	13,687,507
- Overseas Unitised funds	13,848,360	17,372,978
- Provision for loss of value on Overseas funds	-	(1,452,149)
Short term deposits awaiting investment	273,423	332,974
	<b>£28,235,810</b>	<b>£29,941,310</b>
<b>MARKET VALUE</b>		
- UK Unitised funds	14,450,758	14,887,908
- Overseas Unitised funds	14,705,927	18,023,336
Short term deposits awaiting investment	273,423	332,974
	<b>£29,430,108</b>	<b>£33,244,218</b>
<b>Investments pledged at Lloyds</b>		
<b>COST</b>		
- UK Unitised funds	9,298,486	9,503,318
Short term deposits awaiting investment	752,538	544,005
	<b>£10,051,024</b>	<b>£10,047,323</b>
<b>MARKET VALUE</b>		
Listed securities:		
- UK Unitised funds and cash deposits	11,254,811	12,186,587



## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

#### For The Year Ended 31<sup>st</sup> December 2013

##### 18. Current Assets Investments continued.

The short term deposits awaiting investment represents funds available for investment in securities held on behalf of the Group by PIMCO Limited, the Group's investment portfolio manager.

Securities and deposits with a market value at 31<sup>st</sup> December 2013 of £11,254,811 (2012: £12,186,587) have been pledged as collateral with the Society and Corporation of Lloyd's to cover the Company's capital requirements for the run-off of the 2010 and 2011 years of account. The liability at 31<sup>st</sup> December 2013 was £1,948,271 (2012:£8,050,354).

Due to the investments being carried at the lower of cost or market value, no provision is made for the taxation that would be due on the gains when realised.

##### 19. Debtors

	2013	2012
	£	£
Trade debtors	4,003,928	3,673,036
Other debtors	1,785,073	491,311
Corporation tax recoverable	1,967,417	-
Deferred tax	250,802	756,376
Due from associated undertakings	35,077	35,076
Prepayments and accrued income	682,666	419,334
	<u>£8,724,963</u>	<u>£5,375,133</u>

##### 20. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	5,762,573	5,332,762
Corporation tax	-	931,739
Other taxation and social security costs	313,978	209,307
Other creditors	597,154	1,450,514
Due to associated undertakings	160,128	33,147
Accruals and deferred income	1,136,515	2,348,967
Call due on Lloyd's underwriting	1,948,271	394,657
	<u>9,918,619</u>	<u>10,701,093</u>
Insurance funds – unearned premiums reserve	4,235,962	2,822,687
	<u>£14,154,581</u>	<u>£13,523,780</u>

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31<sup>st</sup> December 2013**

**21. Provision For Liabilities And Charges**

	2013	2012
	£	£
Insurance funds		
Claims outstanding and provisions including IBNR	<b>£11,219,618</b>	£7,356,971
	<hr/>	<hr/>

**22. Creditors: amounts due after more than one year**

	2013	2012
	£	£
Provision for expected 2010 and 2011 Lloyd's year of accounts losses	-	7,655,697
	<hr/>	<hr/>

**23. Pension Scheme Deficit**

	2013	2012
	£'000s	£'000s
<b>Change in benefit obligation</b>		
Benefit obligation at 1st January 2013	28,601	27,354
Current service cost	64	57
Interest cost	1,280	1,291
Plan participants' contributions	-	-
Actuarial losses	81	885
Benefits paid	(1,600)	(986)
Plan curtailments	-	-
Benefit obligation at 31st December 2013	<hr/> <b>28,426</b> <hr/>	<hr/> 28,601 <hr/>
<b>Change in plan assets</b>		
Fair value of plan assets at 1st January 2013	24,516	22,254
Expected return on plan assets	1,250	1,150
Actuarial gains	115	798
Employer contributions (incl. employer direct benefit payments)	64	1,300
Member contributions	-	-
Benefits paid	(1,600)	(986)
Fair value of plan assets at 31st December 2013	<hr/> <b>24,345</b> <hr/>	<hr/> 24,516 <hr/>

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

23. Pension Scheme Deficit (continued)

	2013 £'000s	2012 £'000s
<b>Amounts recognised in the balance sheet</b>		
<i>Plans that are wholly unfunded and plans that are wholly or partly funded</i>		
Present value of wholly or partly funded obligations	28,426	28,601
Fair value of plan assets	24,345	24,516
Funded status	(4,081)	(4,085)
Unrecognised past service cost (benefit)	-	-
Related deferred tax asset	857	1,001
Net liability	<u>£(3,224)</u>	<u>£(3,084)</u>
<i>Amounts in the balance sheet</i>		
Liabilities	(3,224)	(3,084)
Assets	-	-
Net liability	<u>£(3,224)</u>	<u>£(3,084)</u>
<b>Components of pension cost</b>		
<i>Amounts recognised in the revenue statement</i>		
Current service cost	64	57
Interest cost	1,280	1,291
Expected return on plan assets	(1,250)	(1,150)
Curtailment gain recognised	-	-
Total pension cost recognised in the revenue account	<u>£94</u>	<u>£198</u>
<i>Actual return on assets</i>	<u>£1,365</u>	<u>£1,948</u>
<i>Actual recognised in STRGL</i>		
Actuarial losses / (gains) immediately recognised	(34)	87
Effect of asset limit	-	-
Total pension cost recognised in the STRGL	<u>£(34)</u>	<u>£87</u>
Cumulative amount of actuarial losses immediately recognised	<u>£12,486</u>	<u>£12,520</u>
<b>Principal actuarial assumptions</b>		
<i>Weighted average assumptions used to determine benefit obligations at:</i>		
Discount rate	4.70%	4.60%
Rate of price inflation (RPI)	3.34%	2.92%
Rate of price inflation (CPI)	2.30%	2.20%
Rate of pension increases	3.20%	2.90%
<i>Weighted average assumptions used to determine net pension cost:</i>		
Discount rate	4.60%	4.80%
Expected long-term return on plan assets	5.27%	5.13%
Rate of salary increase	N/A	N/A
Rate of price inflation	2.92%	3.00%
Rate of pension increases (LPI 5%)	2.90%	3.00%
<i>Weighted life expectancy on retirement at age 45:</i>		
Male age 65 (current life expectancy)	23.1	23.1
Male age 45 (life expectancy at age 65)	24.8	24.9

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

23. Pension Scheme Deficit (continued)

	2013	2012
	£'000s	£'000s
<b>Plan assets</b>		
<i>Percentage of plan assets by asset allocation</i>		
Absolute return	<b>100%</b>	100%
<i>Percentage of plan assets by asset allocation</i>		
Absolute return	<b>5.67%</b>	5.27%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on the absolute return portfolio and the historical relationship between the expected return on assets and the discount rate. This resulted in the selection of the 5.67% assumption as at 31 December 2013.

**Five year history**

	2013	2012	2011	2010	2009
	£'000s	£'000s	£'000s	£'000s	£'000s
Benefit obligation at 31st December	<b>28,426</b>	28,601	27,354	26,743	24,858
Fair value of plan assets at 31st December	<b>24,345</b>	24,516	22,254	23,360	20,993
Deficit	<b>£(4,081)</b>	£(4,085)	£(5,100)	£(3,383)	£(3,865)

Difference between expected and actual returns on scheme assets:

	2013	2012	2011	2010	2009
Amount	<b>(115)</b>	(798)	957	(1,202)	(1,158)
percentage of scheme assets	<b>-1%</b>	-3%	4%	-5%	-6%
Experience gains and losses on scheme liabilities:					
Amount	-	-	343	(711)	-
percentage of scheme liabilities	<b>0%</b>	0%	1%	-3%	0%

## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

For The Year Ended 31<sup>st</sup> December 2013

#### 24. Operating Lease Commitments

At the year end the group had the following annual operating lease commitments expiring:	2013		2012	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Within one year	185,575	62,404	174,134	-
Between two to five years	-	131,066	-	180,874
	<u>£185,575</u>	<u>£193,470</u>	<u>£174,134</u>	<u>£180,874</u>

#### 25. Related Party Transactions

	2013 £	2012 £
Transactions with related parties:		
Management fee from ESCA Estates Limited	15,000	15,000
Rent paid to ESCA Estates Limited	68,000	68,000
Service charges paid to Esca Estates Limited	247,594	261,068
Dividend received from Esca Estates Limited	-	60,000
Management fee charged to Certsure LLP	80,947	-
Provision of Assessment services from Certsure LLP	281,797	-
Balances due from / (to) related parties:		
JIB Pension Scheme Trustee Company Limited	35,077	35,077
ESCA Estates Limited	(11,376)	(33,147)
Certsure LLP	(148,751)	-

ESCA Estates Limited, JIB Pension Scheme Trustee Company Limited and Certsure LLP are associated undertakings of the Electrical Contractors' Association.

#### 26. Post Balance Sheet Events

The underwriting years 2010 and 2011 in the Lloyds Syndicate have been closed through the issue of a reinsurance to close contract in February 2014. This resulted in a further cash call of £1,948,271 to close the account in June 2014. The excess investments held as collateral of circa £9.5m were released by Lloyds in July.

#### 27. Ultimate Controlling Party

The Council Members consider there to be no ultimate controlling party.

**The Electrical Contractors' Association**  
**Consolidated Cash Flow Statement**  
**For The Year Ended 31<sup>st</sup> December 2013**

**CASH FLOW STATEMENT**

	Notes	2013 £	2012 £
Net cash outflow from operating activities	1	<b>(2,996,103)</b>	(19,238,621)
Return on investments and servicing of finance	2	<b>2,958,974</b>	14,428,997
Taxation paid		<b>(1,511,495)</b>	(149,236)
Net cash inflow from investing activities	3	<b>59,504</b>	101,329
		<hr/>	<hr/>
Cash outflow before management of liquid resources		<b>(1,489,120)</b>	(4,857,531)
Management of liquid resources	4	<b>1,701,799</b>	11,718,729
		<hr/>	<hr/>
Cash inflow for the year		<b>£212,679</b>	£6,861,198
		<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

Increase in cash in the period		<b>212,679</b>	6,861,198
Cash outflow from change in liquid resources	4	<b>(1,701,799)</b>	(11,718,729)
		<hr/>	<hr/>
Changes in net funds in the period		<b>(1,489,120)</b>	(4,857,531)
Net funds at 1st January 2013		<b>51,159,966</b>	56,017,497
		<hr/>	<hr/>
Net funds at 31st December 2013	5	<b>£49,670,846</b>	£51,159,966
		<hr/> <hr/>	<hr/> <hr/>

**The Electrical Contractors' Association**  
**Consolidated Cash Flow Statement**  
**For The Year Ended 31<sup>st</sup> December 2013**  
**Notes To The Cash Flow Statement**

**1. Reconciliation of operating deficit to operating cash flows**

	2013	2012
	£	£
Operating deficit per Revenue Account	(4,963,670)	(4,227,803)
Depreciation	205,335	430,742
Impairment of goodwill	-	-
Loss/(Profit) on disposals	1,711	(17,728)
Increase/(Decrease) in insurance funds	3,862,647	(516,005)
Pension cost less contributions	-	(1,042,000)
Decrease in stocks	123,954	37,667
Increase in debtors	(1,887,987)	(337,930)
Decrease in creditors	(338,093)	(13,565,564)
	<b>1,967,567</b>	<b>(15,010,818)</b>
<b>Net cash outflow from operating activities</b>	<b>£(2,996,103)</b>	<b>£(19,238,621)</b>

**2. Returns on investments and servicing of finance**

	2013	2012
	£	£
Gain on sale of investments	2,116,948	13,043,750
Interest received	41,664	54,046
Net investment income	659,482	1,283,580
Pension finance costs	(94,000)	(198,000)
Rental income	234,880	245,621
	<b>£2,958,974</b>	<b>£14,428,997</b>

**3. Investing activities**

	2013	2012
	£	£
Purchase of tangible fixed assets	(20,694)	(20,114)
Sale of tangible fixed assets	80,198	121,443
	<b>£59,504</b>	<b>£101,329</b>

The Electrical Contractors' Association

Consolidated Cash Flow Statement

For The Year Ended 31<sup>st</sup> December 2013

Notes To The Cash Flow Statement (Continued)

4. Management of liquid resources

	2013 £	2012 £
Net disposals of current asset investments	<b>£1,701,799</b>	£11,718,729

5. Analysis of net funds

	At 1 January 2013 £	Cash Flows £	At 31 December 2013 £
Cash at bank and in hand	11,171,333	242,679	11,414,012
Investments and cash held by portfolio managers	29,941,310	(1,705,500)	28,235,810
Investments pledged for over one year	10,047,323	3,701	10,051,024
	<b>£51,159,966</b>	<b>£(1,459,120)</b>	<b>£49,700,846</b>