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# FORM AR21

To be used for reporting years starting on or after 6 April 2015

Trade Union and Labour Relations (Consolidation) Act 1992

## ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	EDUCATIONAL INSTITUTE OF SCOTLAND
Year ended:	31 AUGUST 2017
List no:	5035T
Head or Main Office:	46 MORAY PLACE EDINBURGH EH3 6BH
Website address (if available)	www.eis.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Click the appropriate box)
General Secretary:	LARRY FLANAGAN
Telephone Number:	0131 225 6244
Contact name for queries regarding	COLIN MACKENZIE
Telephone Number:	0131 225 6244
E-mail:	cmackenzie@eis.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 Officer as below or by telephone to: 020 7210 3734

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

For Unions based in England and Wales:  
Certification Office for Trade Unions and Employers' Associations  
Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX

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



(Revised February 2017)

# **EDUCATIONAL INSTITUTE OF SCOTLAND**

## **LIST OF OFFICERS IN POST AT 31 AUGUST 2017**

**Nicola Fisher      (President)**

**Alison Thornton   (Vice-President)**

**Margaret Smith    (Ex-President)**

## RETURN OF MEMBERS

(see notes 10 and 11)

	NUMBER OF MEMBERS AT THE END OF THE YEAR				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	12,866			12	<b>12,878</b>
FEMALE	42,966			35	<b>43,001</b>
TOTAL	55,832			47	<b>55,879</b>

Number of members included in totals box 'A' above for whom no home or authorised address is held:

None
54,291

Number of members at end of year contributing to the General Fund

## OFFICERS IN POST

(see note 12)

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 person's office.

## RETURN OF 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
President	Margaret Smith	Nicola Fisher	June 2017
Vice-President	Nicola Fisher	Alison Thornton	June 2017
Ex-President	Pat Flanagan *	Margaret Smith	June 2017
	*Resigned 29/1/17		

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

# GENERAL FUND

(see notes 13 to 18)

	£	£
<b>INCOME</b>		
<b>From Members: Contributions and Subscriptions</b>		5,764,992
<b>From Members: Other income from members (specify)</b>		
<b>Total other Income from members</b>		
<b>Total of all income from members</b>		5,764,992
<b>Investment Income (as at page 11)</b>		693,689
<b>Other Income</b>		
Income from any other sources (as at page 4)	51,179	
<b>Total of other income (as at page 4)</b>		51,179
	<b>TOTAL INCOME</b>	<b>6,509,860</b>
<b>EXPENDITURE</b>		
<b>Benefits to members (as at page 5)</b>		2,000,958
<b>Administrative expenses (as at page 9)</b>		5,198,155
<b>Federation and other bodies (specify)</b>		
TUC/STUC Affiliations	239,514	
Miscellaneous Affiliations	50,148	
Education International	92,392	
International Aid	57,389	
<b>Total Expenditure Federation and other bodies</b>		<b>439,443</b>
	<b>TOTAL EXPENDITURE</b>	<b>7,638,556</b>
	<b>Deficit for year</b>	<b>(1,128,696)</b>
Amount of General Fund at beginning of year		15,148,637
Increase in Fair Value of Investments		1,558,179
Decrease in Pension Liability		3,804,000
Increase in International Aid Fund		32,389
Addnl Depn from Prop Revn less Redn in Prop Revln		121,411
Increase in Property Refurbishment Fund		63,880
Amount of General Fund at end of year		<b>19,599,800</b>

# ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
<b>Federation and other bodies</b>		
<b>TOTAL FEDERATION AND OTHER BODIES</b>		
<b>Other Income Commission</b>	51,179	
<b>TOTAL OTHER INCOME</b>		51,179
<b>TOTAL OF ALL OTHER INCOME</b>		51,179

## ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues	1,668,871	<b>brought forward</b>	1,960,824
		Education and Training services	
Representation – Non Employment Related Issues		Negotiated Discount Services Countdown	40,134
Communications		Salary Costs	
Scottish Educational Journal	161,679		
Diaries	45,817	Other Benefits and Grants (specify)	
Advisory Services			
Helpline	5,548		
Dispute Benefits			
Other Cash Payments			
Members' Insurances	78,909		
<b>carried forward</b>	<b>1,960,824</b>	<b>Total (should agree with figure in General Fund)</b>	<b>2,000,958</b>

(See notes 24 and 25)

<b>FUND 2</b>		<b>Fund Account</b>	
<b>Name:</b>	<b>PROFESSIONAL FUND</b>	<b>£</b>	<b>£</b>
<b>Income</b>			
	From members		
	Investment income (as at page 12)		390,973
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		<b>390,973</b>
<b>Expenditure</b>			
	Strike Pay	277,847	
	Promotional Items & Publicity	12,559	
	Legal Fees	81,800	
	Investment Management	58,827	
	Contribution to Strike Hardship Fund	100,000	
	Marches & Rallies Etc.	9,169	
	Administrative expenses and other expenditure (as at page 10)	12,405	
	<b>Total Expenditure</b>		<b>552,607</b>
	<b>(Deficit) for the year</b>		<b>(161,634)</b>
	<b>Amount of fund at beginning of year</b>		<b>15,278,538</b>
	<b>Increase in Fair Value of Investments</b>		<b>1,635,196</b>
	<b>(Decrease) in Strike Hardship Fund</b>		<b>(36,970)</b>
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		<b>16,715,130</b>
	<b>Number of members contributing at end of year</b>		<b>NIL</b>

<b>FUND 3</b>		<b>Fund Account</b>	
<b>Name:</b>	<b>LOCAL ASSOCIATION CONSOLIDATED</b>	<b>£</b>	<b>£</b>
<b>Income</b>			
	From members		784,867
	Investment income (as at page 11)		12,525
	Other income (specify)		
	Miscellaneous	10	
	<b>Total other income as specified</b>		10
	<b>Total Income</b>		<b>797,402</b>
<b>Expenditure</b>			
	Administrative Expenses (as at Page 9)		689,178
	Donations to Institute Benevolent Fund		23,983
	Affiliation Fees		17,082
	Benefits to Members		8,009
	Campaign Expenses		3,283
	<b>Total Expenditure</b>		<b>741,535</b>
	<b>Surplus for the year</b>		<b>55,867</b>
	<b>Amount of fund at beginning of year</b>		<b>3,028,415</b>
	<b>Increase in Fair Value of Investments</b>		<b>37,584</b>
	<b>Prior Year Adjustments</b>		<b>8,272</b>
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		<b>3,130,138</b>
	<b>Number of members contributing at end of year</b>		<b>51,328</b>



<b>POLITICAL FUND ACCOUNT 1</b>		<b>To be completed by trade unions which maintain their own fund</b>	
		<b>£</b>	<b>£</b>
<b>Income</b>	Members contributions and levies		75,972
	Investment income (as at page 11)		83,412
	Other income (specify)		
<b>Total other income as specified</b>			
<b>Total income</b>			<b>159,384</b>
<b>Expenditure</b>	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Publicity, Printing, Campaigns & Stationery	28,730	
	Administration expenses in connection with political objects (specify)		
	Investment Management Fees/ Taxation	5,360	
	Non-political expenditure		
	<b>Total expenditure</b>		<b>34,090</b>
	<b>Surplus for year</b>		<b>125,294</b>
<b>Amount of fund at beginning of year</b>		<b>2,289,721</b>	
<b>Increase in Fair Value of Investments</b>		<b>204,351</b>	
<b>Prior Year Adjustment</b>		<b>5,293</b>	
<b>Amount of political fund at the end of year (as Balance Sheet)</b>		<b>2,624,659</b>	
<b>Number of members at end of year contributing to the political fund</b>		<b>42,152</b>	
<b>Number of members at end of the year not contributing to the political fund</b>		<b>*13,727</b>	
<b>Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund</b>		<b>11,221</b>	

\*Includes Probationer / Long Term Sick etc. members who are not required to pay subscriptions and Life/Furth of Scotland members who do not pay subscriptions. (Due to PYA number of members contributing in 2016 was understated -Restated contributing 43,266 and not contributing 11,630.)

## ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

	£
<b>Administrative Expenses</b>	
Remuneration and expenses of staff	3,823,131
Salaries and Wages included in above	3,437,282
Auditors' fees	41,598
Legal and Professional fees	74,926
Occupancy costs	414,406
Stationery, printing, postage, telephone, etc.	385,297
Expenses of Council & Committees (Head Office)	129,283
Expenses of conferences (AGM and SGM)	144,133
Other administrative expenses (specify)	
Loan Interest	30,102
Miscellaneous Official Expenses / Functions	6,997
Training Costs / Local Association Secretaries Meetings	36,628
Information Technology Costs	111,596
General Insurance	39,445
Machine Leasing & Maintenance	30,820
Subscription Collection	26,155
Branch Expenses	89,736
Room Hire	14,856
Depreciation & Losses/Gains on Asset Disposals	310,989
Taxation	28,542
Outgoings on land and buildings – Expenses on Let Property	1,864
Internal Conferences	28,391
Visits to Branches	1,489
Expenses of Delegates to Outside Bodies	49,179
Miscellaneous (Including Learning Representatives £17,920)	80,175
<b>Total</b>	<b>5,899,738</b>
Charged to:	
General Fund (Page 3)	5,198,155
Professional Fund	12,405
Local Assoc Con. Fund	689,178
<b>Total</b>	<b>5,899,738</b>

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# ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary	Employers N.I. contributions	Benefits			Total
			Pension Contribution s £	Other Benefits		
				Description	Value £	
General Secretary	£ 97,509	£ 12,322	29,448	Car Mileage Payments	83	£ 127,040

# ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £	Other Fund(s) £
Rent from land and buildings		42,029
Dividends (gross) from:		
Equities (e.g. shares)	81,506	1,045,122
Interest (gross) from:		
Government securities (Gilts)		
Mortgages		
Local Authority Bonds		
Bank and Building Societies	1,906	10,036
Other investment income (specify)		
	83,412	1,097,187
		Total investment income
		1,180,599
Credited to:		
	General Fund (Page 3)	693,689
	Professional Fund	390,973
	Local Assoc Consol Fund	12,525
	Political Fund	83,412
	Total Investment Income	1,180,599

**BALANCE SHEET as at** 31 AUGUST 2017

(see notes 47 to 50)

Previous Year		£	£
5,050,556	<b>Fixed Assets</b> (at page 14)		5,400,285
	<b>Investments</b> (as per analysis on page 15)		
34,484,540	Quoted (Market value £ 34,740,031)	36,887,410	
<u>1,735,049</u>	Unquoted	2,357,343	
36,219,589	<b>Total Investments</b>		39,244,753
	<b>Other Assets</b>		
	Loans to other trade unions		
890,824	Sundry debtors	892,267	
3,213,845	Cash at bank and in hand	3,024,060	
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
4,104,669	<b>Total of other assets</b>		3,916,327
45,374,814	<b>TOTAL ASSETS</b>		48,561,365
15,148,637	General Fund (Account 1)		19,599,800
15,278,538	Professional Fund (Account 2)		16,715,130
3,028,415	Local Association Consolidation Fund (Account 3)		3,130,138
2,289,721	Political Fund Account		2,624,659
	<b>LIABILITIES</b>		
	<b>Amount held on behalf of central trade union political fund</b>		
	Loans: From other trade unions		
1,034,701	Loans: Other	950,023	
	Bank overdraft		
	Tax payable		
843,802	Sundry creditors	952,615	
7,751,000	Pension Liabilities	4,589,000	
	Provisions		
	Other liabilities		
9,629,503	<b>TOTAL LIABILITIES</b>		6,491,638
45,374,814	<b>TOTAL ASSETS</b>		48,561,365

## FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold	Leasehold				
<b>Cost or Valuation</b>						
At start of year	4,500,000		1,051,197	284,626		5,835,823
Additions			53,823	198,295		252,118
Disposals			(27,138)	(159,546)		(186,684)
Revaluation/Trnsfers	355,000					355,000
At end of year	4,855,000		1,077,882	323,375		6,256,257
<b>Accumulated Depreciation</b>						
At start of year	112,500		527,585	145,182		785,267
Charges for year	124,487		113,211	69,008		306,706
Disposals			(25,676)	(97,825)		(123,501)
Revaluation/Trnsfers	(112,500)					(112,500)
At end of year	124,487		615,120	116,365		855,972
<b>Net book value at end of year</b>	4,730,513		462,762	207,010		5,400,285
<b>Net book value at end of previous year</b>	4,387,500		523,612	139,444		5,050,556

## ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

<b>QUOTED</b>	<b>All Funds Except Political Funds £</b>	<b>Political Fund  £</b>
Equities (e.g. Shares)	34,520,293	2,147,379
Government Securities (Gilts)	219,738	
Other quoted securities (to be specified)		
<b>TOTAL QUOTED (as Balance Sheet)</b>	<b>34,740,031</b>	<b>2,147,379</b>
Market Value of Quoted Investment	34,740,031	2,147,379
<b>UNQUOTED</b> Equities	215,250	
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies	1,329,078	78,015
Other unquoted investments (to be specified)		
Heritable Property	735,000	
<b>TOTAL UNQUOTED (as Balance Sheet)</b>	<b>2,279,328</b>	<b>78,015</b>
Market Value of Unquoted Investments		



# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

<b>Does the union, or any constituent part of the union, have a controlling interest in any limited company?</b>		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
<b>COMPANY NAME</b>	<b>COMPANY REGISTRATION NUMBER (if not registered in England &amp; Wales, state where registered)</b>		
EIS Financial Services Ltd	Scotland SC 122216		
<b>Are the shares which are controlled by the union registered in the names of the union's trustees?</b>		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
<b>COMPANY NAME</b>	<b>NAMES OF SHAREHOLDERS</b>		

## SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	6,549,859	75,972	6,625,831
From Investments	1,097,187	83,412	1,180,599
Other Income (including increases by revaluation of assets, PYA and reductions in liabilities)	7,312,100	209,644	7,521,744
<b>Total Income</b>	<b>14,959,146</b>	<b>369,028</b>	<b>15,328,174</b>
<b>EXPENDITURE</b>	<b>8,969,668</b>	<b>34,090</b>	<b>9,003,758</b>
<b>Total Expenditure</b>	<b>8,969,668</b>	<b>34,090</b>	<b>9,003,758</b>
<b>Funds at beginning of year (including reserves)</b>	<b>33,455,590</b>	<b>2,289,721</b>	<b>35,745,311</b>
<b>Funds at end of year (including reserves)</b>	<b>39,445,068</b>	<b>2,624,659</b>	<b>42,069,727</b>
<b>ASSETS</b>			
Fixed Assets			5,400,285
Investment Assets			39,244,753
Other Assets			3,916,327
		<b>Total Assets</b>	<b>48,561,365</b>
<b>LIABILITIES</b>		<b>Total Liabilities</b>	<b>6,491,638</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			<b>42,069,727</b>

## **NOTES TO THE ACCOUNTS**

(see notes 72 and 73)

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

**SEE SEPARATE SHEETS**

## ACCOUNTING POLICIES

(see notes 74 and 75)

SEE SEPARATE SHEETS

## SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

**Including the accounts and balance sheet contained in the return.**

Secretary's Signature: <u><i>[Handwritten Signature]</i></u> Name: <u>COLIN MACLENNIE</u> <u>P.P. LARRY FLAVAHAN</u> Date: <u>9/12/18</u>	Chairman's Signature: <u><i>[Handwritten Signature]</i></u> (or other official whose position should be stated) Name: <u>ALISON THORNTON</u> Date: <u>9/12/18</u>
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## CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? <small>(see Page 2 and Note 12)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? <small>(see Page 2 and Note 12)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? <small>(see Pages 19 and 21 and Notes 76 and 77)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? <small>(see Pages 20 and 21 and Notes 2 and 77)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? <small>(see Notes 8 and 78)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: <small>(see Note 80)</small>	ENCLOSED	<input checked="" type="checkbox"/>	TO FOLLOW	<input type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED <small>(see Page 17 and Notes 7 and 59)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A MEMBERSHIP AUDIT CERTIFICATE PROVIDED <small>(See Pages 23 and 24 and Notes 88 to 94)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

# **AUDITOR'S REPORT**

(see notes 81 to 86)

**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 83 and 84)  
YES
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 83)

YES

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 rule 83)

YES

Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 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 85)

#### **COPIED BELOW**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE EDUCATIONAL INSTITUTE OF SCOTLAND**

#### **Opinion**

We have audited the financial statements of the Educational Institute of Scotland (the 'Institute') for the year ended 31 August 2017 which comprise the income and expenditure accounts, balance sheets, related notes to the financial statements including a summary of significant accounting policies, and the consolidated balance sheet. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 August 2017 and of its income and expenditure for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 (but with the exception of a cashflow)

#### **Basis for opinion**

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

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

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

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

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

We have nothing to report in respect of the following matters where legislation 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
- we have not received all the information and explanations we require for our audit; or
- A satisfactory system of control over transactions has not been maintained

#### **Responsibilities of the Finance Sub-Committee**

The Finance Sub-Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Finance Sub-Committee is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the intention is either to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

#### **Our responsibilities for the audit of the financial statements**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Haines Watts, Chartered Accountants and Statutory Auditors  
Q Court  
3 Quality Street  
Edinburgh EH4 5BP

Dated: 9 February 2018

## AUDITOR'S REPORT (section one)

Signature(s) of auditor or auditors:	K. Watts	
Name(s):	KEITH WATTS	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS	
Address(es):	4 COURT 3 QUINCY STREET DUNBURY EH4 5BP	
Date:	09/02/2018	
Contact name and telephone number:	KEITH BROWN 0131 625 5151	

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



# MEMBERSHIP AUDIT CERTIFICATE

(see notes 88 to 94)

made in accordance with section 24ZD of the  
Trade Union and Labour Relations (Consolidation) Act 1992.

At the end of the reporting period preceding the one to which this audit relates was the total membership of the trade union greater than 10,000?

YES

If "YES" please complete SECTION ONE below or provide the equivalent information on a separate document to be submitted with the completed AR21.

## MEMBERSHIP AUDIT CERTIFICATE SECTION ONE

*For a trade union with more than 10,000 members, required by section 24ZB of the 1992 Act to appoint an independent assurer*

1. In the opinion of the assurer appointed by the trade union was the union's system for compiling and maintaining its register of the names and addresses of its members satisfactory to secure, so far as is reasonably practicable, that the entries in its register were accurate and up-to-date throughout the reporting period?

YES

2. In the opinion of the assurer has he/she obtained the information and explanations necessary for the performance of his/her functions?

YES

If the answer to either questions 1 or 2 above is "NO" the assurer must:

- (a) set out below the assurer's reasons for stating that
- (b) provide a description of the information or explanation requested or required which has not been obtained
- (c) state whether the assurer required that information or those explanations from the union's officers, or officers of any of its branches or sections under section 24ZE of the 1992 Act
- (d) send a copy of this certificate to the Certification Officer as soon as is reasonably practicable after it is provided to the union.

**MEMBERSHIP AUDIT CERTIFICATE** (continued)

Signature of assurer	K Watts
Name	KAINES WATTS
Address	4 COURT 3 QUARRY STREET EDINBURGH EH4 5BP
Date	09/02/2018
Contact name and telephone number	KEITH BROWN 0131 625 5151

**NOTES ON GENERAL FUND ACCOUNTS (CONTD)**

<b>Analysis of changes in the value of the Scheme assets over the year</b>		
	2017	2016
	£	£
Market value of assets at start of year	-	-
Expected return on scheme assets	-	-
Actuarial gains / (losses)	-	-
Employer contributions	81,000	77,000
Member contributions	-	-
Benefits paid	(81,000)	(77,000)
Market value of scheme assets at end of year	-	-
<b>Amounts recognised in Income and Expenditure Account</b>	-	-
Service cost	29,000	34,000
Interest cost	-	-
Expected return on plan assets	-	-
<b>Net pension cost charged to Income &amp; Expenditure Account</b>	<b>29,000</b>	<b>34,000</b>

**Amounts recognised in Statement of Total Recognised Gains & Losses (STRGL)**

	2017	2016
	£	£
Actuarial losses / (gains)	7,000	412,000
<b>Total amount recognised in STRGL</b>	<b>7,000</b>	<b>412,000</b>

**Reconciliation to the Balance Sheet**

	2017	2016
	£	£
Market value of assets	-	-
Present value of liabilities	2,514,000	2,509,000
<b>(Deficit) in the Scheme</b>	<b>2,514,000</b>	<b>2,509,000</b>

**Financial assumptions**

	2017	2016
Discount Rate	2.4% pa	2.0% pa
Retail prices inflation	3.4% pa	3.1% pa
Consumer prices inflation	2.4% pa	2.1% pa
Salary Increases	4.4% pa	4.1% pa
Rate of increases of pensions in payment Non- GMP	3.4% pa	3.1% pa
Rate of increases of pensions in payment Post 1988 GMP	2.1% pa	1.9% pa
Rate of increases for deferred pensioners	3.4% pa	3.1% pa

**Life expectancies**

	31 Aug 2017		31 Aug 2016	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	23.2	24.2	23.3	24.5
Member age 45 (life expectancy at age 65)	24.5	25.7	25.0	26.3

**History of assets, liabilities, experience gains and losses**

	2017	2016	2015	2014	2013
	£000's	£000's	£000's	£000's	£000's
Value of Scheme liabilities	2,514	2,509	2,064	2,076	1,844
Surplus / (Deficit) in the Scheme	<u>(2,514)</u>	<u>(2,509)</u>	<u>(2,064)</u>	<u>(2,076)</u>	<u>(1,844)</u>

**Gains / (Losses) arising on scheme liabilities:**

	2017	2016	2015	2014	2013
	£000's	£000's	£000's	£000's	£000's
Due to experience	-	-	143	(71)	4
%age of liabilities	-	-	7%	(3%)	0%
Due to change of basis	-	-	(91)	(112)	(27)
%age of liabilities	-	-	(4%)	(5%)	(1%)

The Institute expects to contribute an estimated £84,000 to its unfunded pension arrangement during the accounting year beginning 1 September 2017



**NOTES ON GENERAL FUND ACCOUNTS (CONTD)**

**Analysis of changes in the value of the Scheme liabilities over the year**

	2017	2016
	£	£
Value of liabilities at start of year	31,928,000	25,151,000
Service cost	930,000	598,000
Interest cost	636,000	930,000
Member contributions	151,000	188,000
Actuarial losses / (gains)	(1,310,000)	5,858,000
Benefits paid	(1,345,000)	(797,000)
Value of liabilities at end of year	<u>30,990,000</u>	<u>31,928,000</u>

**Analysis of changes in the value of the Scheme assets over the year**

	2017	2016
	£	£
Market value of assets at start of year	26,686,000	22,796,000
Expected return on scheme assets	2,501,000	3,293,000
Actuarial gains / (losses)	-	-
Employer contributions	511,000	473,000
Member contributions	151,000	188,000
Interest income	526,000	839,000
Administrative Costs	(115,000)	(106,000)
Benefits paid	(1,345,000)	(797,000)
Market value of scheme assets at end of year	<u>28,915,000</u>	<u>26,686,000</u>

**Amounts recognised in Income and Expenditure Account**

	2017	2018
	£	£
Service cost	930,000	598,000
Administrative Costs	115,000	106,000
Net Interest Costs	110,000	91,000
Past Service Cost	-	-
Total pension cost charged to Income & Expenditure Account	<u>1,155,000</u>	<u>795,000</u>

**Reconciliation to the Balance Sheet**

	2017	2016
	£	£
Market value of assets	28,915,000	26,686,000
Present value of liabilities	30,990,000	31,928,000
(Deficit) in the Scheme	<u>(2,075,000)</u>	<u>(5,242,000)</u>

**Assets**

Scheme assets are invested in a diversified portfolio

Asset class	<u>Market Value</u>	<u>% of total Scheme Assets</u>	<u>Market Value</u>	<u>% of total Scheme Assets</u>
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
	£000	%	£000	%
Equities	17,383	60%	15,854	59%
Gilts	5,560	19%	5,624	21%
Bonds	2,783	10%	2,696	10%
Property	2,781	9%	2,306	9%
Cash /Other	408	2%	206	1%
	<u>28,915</u>	<u>100%</u>	<u>26,686</u>	<u>100%</u>

The actual return on assets over the period was £3,027,000 (2016 £4,132,000)

**NOTES ON GENERAL FUND ACCOUNTS (CONTD)**

**17. EIS-ULA SPECIAL FUND**

	2017	2016
	£	£
Funds at 31 August 2016	255,650	249,917
Net Profit / (Loss) on Realisation of Investments	-	-
Investment Income & Interest (net)	9,224	7,839
Expenditure	<u>264,874</u>	<u>257,756</u>
Funds at 31 August 2017	<u>4,670</u>	<u>2,106</u>
	<u>260,204</u>	<u>255,650</u>

**18. REVALUATION RESERVE**

	2017	2016
	£	£
Balance at 31 August 2016	2,663,455	2,022,863
Increase on 2017 Revaluation of 34 West George Street Glasgow	40,000	
Increase on 2017 Revaluation of 46-48 Moray Place Edinburgh	355,000	1,000,000
Agg Depn Released on 2017 Revaluation of 46-48 Moray Place Edinburgh	112,500	166,666
Less: Addnl Depreciation as consequence of Revaluation	(123,097)	(111,110)
Less; Moray Place Refurbishment Costs to 31 August 2017 other than charged to Property Repairs Fund	(386,089)	(414,964)
Balance at 31 August 2017	<u>2,661,769</u>	<u>2,663,455</u>

The Revaluation Reserve is in relation to three properties - the Institute's Headquarters at 46-48 Moray Place Edinburgh. 46-48 Moray Place, Edinburgh was valued on 19th December 2017 at £4,855,000. (the previous valuation in 2016 was £4,500,000).

Prior to the various revaluations 46-48 Moray Place was included in the accounts at cost of £69,522.

The Investment Property, 34 West George Street Glasgow was valued on 24 November 2017 at £135,000. (the previous valuation in 2010 was £95,000.) The Investment Property, 6 Clairmont Gardens Glasgow, is currently due to be refurbished and will be revalued on completion of the works.

**19. INTERNATIONAL AID FUND**

	2017	2016
	£	£
International Aid Fund Balance as at 1 September 2016	404,164	357,548
Allocation from General Fund of 1% of Members Subscriptions	57,389	58,616
Less : Expenditure on Projects 2016/17	461,553	414,164
International Aid Fund 31 August 2017	<u>(25,000)</u>	<u>(10,000)</u>
	<u>436,553</u>	<u>404,164</u>

**20. PROPERTY REPAIRS FUND**

	2017	2016
	£	£
Property Repairs Fund Balance as at 1 September 2016	-	-
Allocation from General Fund 2016/17	100,000	50,000
Less : Expenditure on Property Repairs 2016/17	100,000	50,000
Property Repairs Fund 31 August 2017	<u>36,120</u>	<u>50,000</u>
	<u>63,880</u>	<u>-</u>

Council, at its May meeting each year, in approving the Institute's Planned Expenditure for the forthcoming year, determines the contribution which will be made to the Property Repairs Fund in the following year.

In May 2016 Council decided the contribution in respect of 2016/17 would be £100,000.

2016/17 expenditure on Repairs was substantially fees regarding the proposed refurbishment of 6 Clairmont Gardens.

**21. PENSIONS LIABILITIES**

	2017	2016
	£	£
Pension Scheme	(2,076,000)	(5,242,000)
Unfunded Arrangement	<u>(2,514,000)</u>	<u>(2,509,000)</u>
	<u>(4,589,000)</u>	<u>(7,751,000)</u>

**NOTES ON GENERAL FUND ACCOUNTS (CONTD)**

**12(a). OFFICE FURNITURE AND EQUIPMENT**

	2017 £	2016 £
<b>Cost or Valuation</b>		
Valuation at August 1996 or Subsequent Cost	775,626	803,438
Additions	<u>50,558</u>	<u>311,429</u>
Disposals	826,184	1,114,867
Balance at 31 August 2017	<u>6,347</u>	<u>339,241</u>
	<u>819,837</u>	<u>775,626</u>
<b>Depreciation</b>		
Aggregate Depreciation at 31 August 2016	366,864	613,805
Depreciation Charge	<u>94,101</u>	<u>90,111</u>
Elimination in respect of Disposals	460,965	703,916
Aggregate Depreciation at 31 August 2017	<u>6,347</u>	<u>337,052</u>
	<u>454,618</u>	<u>366,864</u>
Net Balance at 31 August 2017	<u>365,219</u>	<u>408,762</u>

**12(b). MOTOR VEHICLES**

	2017 £	2016 £
<b>Cost</b>		
Balance at 31 August 2016		
Additions	284,626	201,895
	<u>198,295</u>	<u>82,731</u>
Disposals	482,921	284,626
Balance at 31 August 2017	<u>159,546</u>	<u>284,626</u>
	<u>323,376</u>	<u>284,626</u>
<b>Depreciation</b>		
Aggregate Depreciation at 31 August 2016	145,182	98,700
Depreciation Charge	<u>69,008</u>	<u>46,482</u>
Elimination in respect of Disposals	214,190	145,182
Aggregate Depreciation at 31 August 2017	<u>97,825</u>	<u>145,182</u>
	<u>116,365</u>	<u>145,182</u>
Net Balance at 31 August 2017	<u>207,010</u>	<u>139,444</u>

**12(c). RECONCILIATION OF DEPRECIATION CHARGE**

	2017 £	2016 £
Depreciation Charge on		
Heritable Property		
Office Furniture and Equipment	124,487	112,500
Motor Vehicles	94,101	90,111
Loss on Assets Sold	69,008	46,482
Charged in Income and Expenditure Account	<u>2,974</u>	<u>1,774</u>
	<u>290,570</u>	<u>250,867</u>

**13. INVESTMENT PROPERTIES**

	2017 £	2016 £
6 Clairmont Gardens Glasgow	640,000	600,000
34 West George Street Glasgow	<u>95,000</u>	<u>95,000</u>
	<u>735,000</u>	<u>695,000</u>

As disclosed within the Accounting Policies the Institute's Investment Properties at 6 Clairmont Gardens and 34 West George St Glasgow have been included in the 2017 Accounts at estimated market value with vacant possession. The valuations were undertaken by J & E Shepherd, Chartered Surveyors of Glasgow on 14 February 2010 and 24 November 2017 respectively and were undertaken in accordance with the Royal Institute

**NOTES ON GENERAL FUND ACCOUNTS (CONTD)**

**6. INFORMATION TECHNOLOGY COSTS**

	2017 £	2016 £
Internet Site Development & Licencing	27,858	14,701
Software Licencing & Maintenance Agreements	14,135	16,022
Development	6,149	12,476
On Site Support	61,262	61,227
Other - Including Installations/Configurations, Sales of Surplus PC's	2,191	4,372
	<u>111,595</u>	<u>108,798</u>

**7. THE SCOTTISH EDUCATIONAL JOURNAL**

	2017 £	2017 £	2016 £
Income			
Subscriptions and Sales			
Advertising and Contributions		4,484	8,495
		<u>4,484</u>	<u>8,485</u>
Expenditure			
Printing, Design, and Paper	71,674		79,381
Postage	94,489		95,547
		<u>166,163</u>	<u>174,928</u>
Net Cost of Production		<u>161,679</u>	<u>166,433</u>

**8. AFFILIATION FEES, RESEARCH, GRANTS AND SUBSCRIPTIONS**

	2017 £	2016 £
Research Commissions		3,725
Sponsorship of the Arts	29,400	30,100
Other Affiliations Donations Etc.	20,748	17,061
	<u>50,148</u>	<u>50,876</u>

**9. CAPITAL COMMITMENT**

In January 2018 the Institute accepted a tender in the sum of £161,000 exclusive of VAT from P M Sinclair Ltd. for roof, external walls and windows repairs to its Investment Property, 6 Clairmont Gardens Glasgow.

**10. MOVEMENTS ON PENSION RESERVES**

As part of the implementation of FRS102 the Institute is required in respect of both the Pension Scheme and the Unfunded Arrangement to include within Staffing Costs the Actuary's estimates of:

(a) Interest on Pensions Liabilities

The interest cost is an estimate of the amount needed to unwind the discount applied in calculating the current service cost. As employees are one year older and one year closer to receiving their pension benefits the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

(b) Expected Return on Scheme Assets

The expected return on scheme assets is a measure of the return (income from dividends, interest etc. and gains on investment sums) on the investment assets held by the pension scheme for the year. The Unfunded Arrangement has no assets.

(a) and (b) together reflect the Pensions Finance Costs and are shown as (c) on the next page.

(d) Administrative Costs

This is an estimate of the Scheme's Administrative Costs for the year.

(e) Charge to Income & Expenditure Account

This is the sum of the Scheme's Finance and Administrative costs for the year.

(f) Current Service Cost

This is an estimate of the true economic cost of employing staff in the financial year and measures the full liability generated at current prices

**NOTES ON PROFESSIONAL FUND**

**1. INVESTMENTS**

	Market Value	
	2017 £	2016 £
Government Securities		
Bonds, Fixed Int. & Cash Funds		
Ordinary Shares	8,639,229	7,260,284
Unit Trusts	<u>7,300,175</u>	<u>7,170,613</u>
	15,939,404	14,430,897
Cash in Bank	150,279	540,047
	<u><u>16,089,683</u></u>	<u><u>14,970,944</u></u>

**2. STRIKE HARDSHIP FUND**

	2017 £	2016 £
Balance at 31 August 2016	50,000	50,000
Contribution from Professional Fund	100,000	
Disbursements	(136,970)	
Balance at 31 August 2017	<u><u>13,030</u></u>	<u><u>50,000</u></u>



**CONSOLIDATED BALANCE SHEET - 31 AUGUST 2017**

**NOTES**

**1. INVESTMENTS**

	Market Value	
	2017 £	2016 £
Fixed Interest Securities		
Ordinary Shares	19,591,896	17,034,711
Unit Trusts	17,014,422	17,113,161
	36,606,318	34,147,872
Heritable Property	735,000	695,000
Cash in Bank	1,397,652	911,249
Cash Loans	9,441	15,550
	38,748,411	35,769,671

**2. MOVEMENT OF FUNDS**

	2017 £	2016 £
Total Funds at 31 August 2016	32,716,896	31,695,919
Net Surplus	6,036,690	166,813
Prior Year Adjustment (Political Fund)	5,293	
Increase in ULA Funds	4,666	5,846
(Reduction) / Increase in Strike Support Fund 2017	(36,970)	50,000
Increase in Revaluation Reserve including Additional Depreciation	121,411	751,702
Increase in Property Refurbishment Fund	63,880	
Increase in International Aid Fund	32,389	46,616
Total Funds at 31 August 2017	38,944,255	32,716,896

**3. BENEVOLENT FUND**

To comply with the Charities Statement of Recommended Accounting Practice (SORP) and to facilitate submission of an annual return to the Office of the Scottish Charity Regulator (OSCR) by the required date of 31 May each year the Institute decided to prepare a separate Charity Account for the Benevolent Fund and disaggregate the Fund from these Accounts which are submitted to the AGM in June each year for approval. The Benevolent Fund Accounts can be obtained from the Institute's Accountant at 46-48 Moray Place, Edinburgh, EH3 6BH.

**4. STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES**

	General Fund £	Professional Fund £	Political Fund £
(Deficit) / Surplus for the Year	4,228,817	1,473,562	329,645
Surplus on ULA Funds	4,666		
Increase in Revaluation Reserve including Additional Depreciation	121,411		
(Reduction) / Increase in Strike Support Fund 2017		(36,970)	
Increase in International Aid Fund	32,389		
Increase in Revaln Reserve Inc Addnl Depn			
Increase in Property Refurbishment Fund	63,880		
Prior Year Adjustment (Political Fund)			5,293
Total Recognised Gains and Losses	4,451,163	1,436,592	334,938
			6,222,693

The Educational Institute of Scotland

**Trade Union Reform and Employment Rights Act 1993**

In terms of the above Act, the following statement relating to the year ended 31 August 2017 is issued to members of the Institute.

1. Total Income and Expenditure

The total income and expenditure of the Institute and its branches as included in the Annual Return to the Certification Officer was

	<b>Members Dues £</b>	<b>Other Income £</b>	<b>Total Income £</b>	<b>Total Expenditure £</b>
General Fund	5,764,992	744,868	6,509,860	7,638,556
Professional Fund		390,973	390,973	552,607
Local Associations	<u>784,867</u>	<u>12,535</u>	<u>797,402</u>	<u>741,535</u>
	<u>6,549,859</u>	<u>1,148,376</u>	<u>7,698,235</u>	<u>8,932,698</u>

2. Political Fund

The total income and expenditure of the Institute's Political Fund as included in the Annual Return to the Certification Officer was

	<b>£</b>
Total Income	159,384
Total Expenditure	34,090

3. Other Information

The salary paid, including employer's superannuation and benefits provided to or in respect of the General Secretary, as included in the Annual Return to the Certification Officer, amounted to £127,040 comprising £97,509 in salary and £29,531 in benefits. No salary was paid or benefits provided to or in respect of the President or any member of the Executive.

4. Auditors' Report

The following report by the Institute's Auditors, Haines Watts, Chartered Accountants and Statutory Auditors, Q Court, 3 Quality Street, Davidsons Mains, Edinburgh was included in the Annual Return to the Certification Officer:

**Opinion**

We have audited the financial statements of the Educational Institute of Scotland (the 'Institute') for the year ended 31 August 2017 which comprise the income and expenditure accounts, balance sheets, related notes to the financial statements including a summary of significant accounting policies, and the consolidated balance sheet. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Haines Watts, Chartered Accountants and Statutory Auditors  
Q Court  
3 Quality Street  
Edinburgh EH4 5BP

Dated: 9 February 2018

#### 5. Irregularity Statement

A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

[Note: The above wording is reproduced as required by the Trade Union Reform and Employment Rights Act 1993. The Institute, however, being established by Royal Charter, has the legal power to hold property and other assets in the corporate name "The Educational Institute of Scotland" and any reference to trustees in the text should therefore be disregarded.]