

Trade Union's details

Name of Trade Union:	EDUCATIONAL INSTITUTE OF SCOTLAND
Year ended:	31 AUGUST 2018
List number:	5035 T
Head or Main Office address:	46 MORAY PLACE EDINBURGH EH3 6BH
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Cross as appropriate)
Website address (if available)	www.eis.org.uk
General Secretary:	LARRY FLANAGAN
Telephone Number:	01312256244
Contact name for queries regarding the completion of this return:	COLIN MACKENZIE
Telephone Number:	01312256244
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: 0330 109 3602.

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.



Return of members

(see notes 10 and 11)

	Number of members at the end of the year				Totals
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	
Male	12,531			11	12,542
Female	42,676			33	42,709
Total	55,207			44	A 55,251

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

53,660

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

None

Change of officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of change
President	Nicola Fisher	Alison Thornton	June 2018
Vice-President	Alison Thornton	Bill Ramsay	June 2018
Ex-President	Margaret Smith	Nicola Fisher	June 2018

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated

and names:

EDUCATIONAL INSTITUTE OF SCOTLAND

LIST OF OFFICERS IN POST AT 31 AUGUST 2018

Alison Thornton (President)

Bill Ramsay (Vice-President)

Nicola Fisher (Ex-President)

General fund
(see notes 13 to 18)

	£	£
Income		
From Members: Contributions and Subscriptions		5,889,228
From Members: Other income from members (specify)		
Total other income from members		
Total of all income from members		5,889,228
Investment income (as at page 12)		711,815
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)		174,759
Total of other Income (as at page 4)		174,759
		174,759
	Total income	6,775,802
Expenditure		
Benefits to members (as at page 5)		1,818,863
Administrative expenses (as at page 10)		5,311,401
Federation and other bodies (specify)		
TUC/STUC Affiliations	254,220	
Miscellaneous Affiliations	64,641	
Education International Affiliation / International Aid	129,714	
Total expenditure Federation and other bodies		448,575
Taxation		
	Total expenditure	7,578,839
	Surplus (deficit) for year	(803,037)
	Amount of general fund at beginning of year	19,599,800
	Other Adjustments (see Schedule)	3,836,890
	Amount of general fund at end of year	22,633,653

EDUCATIONAL INSTITUTE OF SCOTLAND

LIST OF GENERAL FUND OTHER ADJUSTMENTS 2018

£

Decrease in Pension Liability	3,305,000
Increase in Fair Value of Investments	783,422
Increase in International Aid Fund	21,179
Decrease in Property Refurbishment Fund	(63,880)
Reduction in Property Revaluation Reserve less additional Depreciation from Revaluation	<u>(208,831)</u>
Total	<u>3,836,890</u>

Analysis of income from federation and other bodies and other income
 (see notes 19 and 20)

Description	£	£
Federation and other bodies		
Total federation and other bodies		
Other Income		
Commission	54,759	
Contribution from Professional Fund (Salaries Campaign)	120,000	
Total other income		174,759
Total of all other income		174,759

Analysis of benefit expenditure shown at general fund
(see notes 21 to 23)

	£		£
Representation – Employment Related Issues	1,379,003	brought forward	1,778,828
		Education and Training services	
Representation – Non Employment Related Issues		Negotiated Discount Services Countdown	40,035
Communications			
Scottish Educational Journal	161,413		
Members' Diaries	48,054		
Salaries Campaign	91,820	Salary Costs	
Advisory Services			
Helpline	9,600		
		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
Members' Insurance	88,938		
carried forward	1,778.828	Total (should agree with figure in General Fund)	1,818,863

Accounts other than the revenue account/general fund

(see notes 21 to 23)

Fund 2	Fund Account	
Name: PROFESSIONAL FUND	£	£
Income		
From members		
Investment income (as at page 12)		430,673
Other income (specify)		
	Total other income as specified	
	Total Income	430,673
Expenditure		
Strike Pay	100	
Marches & Rallies	455	
Contribution to Salaries Campaign	120,000	
Legal Fees	196,153	
Investment Management Expenses	49,701	
Promotional Items & Publicity	4,944	
Administrative expenses and other expenditure (as at page 10)	9,459	
	Total Expenditure	380,812
	Surplus (Deficit) for the year	49,861
	Amount of fund at beginning of year	16,715,130
	Increase In Fair Value of Investments	665,729
	Amount of fund at the end of year (as Balance Sheet)	17,430,720
	Number of members contributing at end of year	Nil

(See notes 21 to 23)

Fund 4		Fund Account	
Name:		£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other Income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		
	Number of members contributing at end of year		

Political Fund account

(see notes 24 to 33)

Political Fund account 1		To be completed by trade unions which maintain their own political fund	
	Income	Members contributions and levies	£ 74,495
		Investment income (as at page 12)	£ 88,339
		Other income (specify)	£
		Total other income as specified	
		Total income	162,834
Expenditure under section (82) of the Trade Union and Labour Relations (Consolidation) Act 1992 on purposes set out in section (72) (1) where consolidation of expenditures from the political funds exceeds £2,000 during the period			
	Expenditure A (as at page i)		£
	Expenditure B (as at page ii)		£
	Expenditure C (as at page iii)		£
	Expenditure D (as at page iv)		£
	Expenditure E (as at page v)		£ 21,937
	Expenditure F (as at page vi)		£
	Non-political expenditure (as at page vii)		£47,521
		Total expenditure	69,458
		Surplus (deficit) for year	93,376
		Amount of Political Fund at beginning of year	2,624,659
		Reduction in Fair Value of Investments	(36,386)
		Amount of Political Fund at the end of year (as Balance Sheet)	2,681,649
		Number of members at end of year contributing to the Political Fund	41,388
		Number of members at end of the year not contributing to the Political Fund	*13,865
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund	9,451

* 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.

The following pages 9i to 9vii relate to the Political Fund Account Expenditure

Political fund account expenditure (a)

Expenditure under section 72 (1) (a) of the Trade Union and Labour Relations (consolidation) Act.

To be completed where total expenditure from the political fund exceeds £2,000 during the period to which return relates.

Contribution to the funds of, or on the payment of expenses incurred directly or indirectly by a political party

Name of political party in relation to which money was expended	Total amount spent during the period £
Total	

Political fund account expenditure (b)

Expenditure under section 72 (1) (b) of the Trade Union and Labour Relations (Consolidation) Act.

To be completed where total expenditure from the political fund exceeds £2,000 during the period to which return relates.

Expenditure of money on the provision of any services or property for use by or on behalf of any political party

Name of political party to which payment was made	Total amount paid during the period £
Total	

Political fund account expenditure (c)

Expenditure under section 72 (1) (c) of the Trade Union and Labour Relations (Consolidation) Act.

To be completed where total expenditure from the political fund exceeds £2,000
during the period to which return relates.

Expenditure in connection with the registration of electors, the candidature of any person, the selection of any candidate or the holding of any ballot by the union in connection with any election to a political office

Title and Date of election	Name of political party/organisation	Name of candidate, organisation or political party (see note 33(iii))	£
Total			

Political fund account expenditure (f)

Expenditure under section 72 (1) (f) of the Trade Union and Labour Relations (consolidation) Act.

To be completed where total expenditure from the political fund exceeds £2,000 during the period to which return relates.

On the production, publication or distribution of any literature, document, film, sound recording or advertisement the main purpose of which is to persuade people to vote for a political party or candidate or to persuade them not to vote for a political party or candidate

Name of organisation or political party	£
	Total

Expenditure from the political fund not falling within section 72(1) of the trade union & labour relations (consolidation) act 1992

For expenditure not falling within section 72(1) the required information is-

(a) the nature of each cause or campaign for which money was expended, and the total amount expended in relation to each one	£
	Total
	Total expenditure
(b) the name of each organisation to which money was paid (otherwise than for a particular cause or campaign), and the total amount paid to each one	£
	Total
	Total expenditure
(c) the total amount of all other money expended	£
Political Fund 10 Year Renewal Ballot	41,141
Investment Management Fees	5,234
Non-Party Political Conferences (STUC)	1,551
Taxation	(405)
Total	47,521
Total expenditure	47,521

Analysis of administrative expenses and other outgoings excluding amounts charged to political fund accounts
(see notes 34 and 35)

Administrative Expenses	£
Remuneration and expenses of staff	3,952,845
Salaries and Wages included in above	£3,581,326
Auditors' fees	41,279
Legal and Professional fees	71,044
Occupancy costs	395,407
Stationery, printing, postage, telephone, etc.	389,640
Expenses of Council & Committees (Head Office)	130,052
Expenses of conferences (AGM)	152,479
<u>Other administrative expenses (specify)</u>	
Miscellaneous Official Expenses / Functions	12,898
Training Costs / Local Association Secretaries Meetings	33,023
Information Technology Costs	114,811
General Insurance	43,050
Machine Leasing & Maintenance	27,974
Loan Interest (Bank loan)	29,168
Subscription Collection	33,374
Branch Expenses & Room Hires	110,828
Depreciation & Losses/Gains on Asset Disposals	292,987
Taxation	21,047
Internal Conferences/ Visits to Branches	31,099
Outgoings on Land & Buildings (Expenses on Let Property)	8,642
Expenses of Delegates to Outside Bodies	51,725
Miscellaneous (Inc. Learning Representatives £26,091)	83,487
	Total
	6,026,859
Charged to:	
	General Fund (Page 3)
	5,311,401
	Professional Fund
	9,459
	Local Assoc Con Fnd
	705,999
	Fund (Account)
	Fund (Account)
	Total
	6,026,859

Analysis of investment income

(see notes 47 and 48)

	Political Fund £	Other Fund(s) £
Rent from land and buildings		75,445
Dividends (gross) from:		
Equities (e.g. shares)	84,413	1,070,612
Interest (gross) from:		
Government securities (Gilts)		
Mortgages		
Local Authority Bonds		
Bank and Building Societies	3,926	4,497
Other investment income (specify)		
	88,339	1,150,554
		Total investment income
		1,238,893
Credited to:		
		General Fund (Page 3)
		711,815
		Professional Fund
		430,673
		Local Assoc Consol Fund
		8,066
		Fund (Account)
		Fund (Account)
		Fund (Account)
		Political Fund
		88,339
		Total investment income
		1,238,893

Balance sheet as at

31 AUGUST 2018

(see notes 49 to 52)

Previous Year		£	£
5,400,285	Fixed Assets (at page 14)		5,199,824
	Investments (as per analysis on page 15)		
36,887,410	Quoted (Market value £38,670,554)	38,670,554	
2,357,343	Unquoted	1,604,900	
	Total Investments		40,275,454
	Other Assets		
	Loans to other trade unions		
892,267	Sundry debtors	927,732	
3,024,060	Cash at bank and in hand	2,940,484	
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
3,916,327	Total of other assets		3,868,216
48,561,365	Total assets		49,343,494
19,599,800	General Fund (Account 1)		22,633,653
16,715,130	Professional Fund (Account 2)		17,430,720
3,130,138	Local Association Consolidated Fund (Account 3)		3,229,101
2,624,659	Political Fund (Account 1)		2,681,649
	Liabilities		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
950,023	Loans: Other	866,681	
	Bank overdraft		
	Tax payable		
952,615	Sundry creditors	619,690	
4,589,000	Pension Liabilities	1,882,000	
	Provisions		
	Other liabilities		
<u>6,491,638</u>	Total liabilities		3,368,371
48,561,365	Total assets		49,343,494

Fixed assets account

(see notes 53 to 57)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leasehold £				
Cost or Valuation						
At start of year	4,855,000		1,077,882	323,375		6,256,257
Additions			80,050	22,357		102,407
Disposals			(75,998)	(21,570)		(97,568)
Revaluation/Transfers						
At end of year	4,855,000		1,081,934	324,162		6,261,096
Accumulated Depreciation						
At start of year	124,487		615,120	116,365		855,972
Charges for year	124,487		111,294	55,635		291,416
Disposals			(71,071)	(14,740)		(85,811)
Revaluation/Transfers						
At end of year	248,974		655,043	157,255		1,061,272
Net book value at end of year	4,606,026		426,891	166,907		5,199,824
Net book value at end of previous year	4,730,513		462,762	207,010		5,400,285

Analysis of investments
(see notes 58 and 59)

Quoted	All Funds Except Political Funds £	Political Fund £
Equities (e.g. Shares)	36,279,365	2,175,558
Government Securities (Gilts)	215,631	
Other quoted securities (to be specified)		
Total quoted (as Balance Sheet)	36,494,996	2,175,558
Market Value of Quoted Investment	36,494,996	2,175,558
Unquoted		
Equities	215,550	
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies	645,269	9,081
Other unquoted investments (to be specified)		
Heritable Property	735,000	
Total unquoted (as Balance Sheet)	1,595,819	9,081
Market Value of Unquoted Investments		

Analysis of investment income (controlling interests)
(see notes 60 and 61)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
Company name	Company registration number (if not registered in England & Wales, state where registered)		
EIS Financial Services Ltd	Scotland SC 122216		
Are the shares which are controlled by the union registered in the names of the union's trustees?		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.			
Company name	Names of shareholders		

Summary sheet
(see notes 62 to 73)

	All funds except Political Funds £	Political Funds £	Total Funds £
Income			
From Members	6,709,780	74,495	6,784,275
From Investments	1,150,554	88,339	1,238,893
Other Income (including increases by revaluation of assets)	4,696,123	(36,386)	4,659,737
Total Income	12,556,457	126,448	12,682,905
Expenditure (including decreases by revaluation of assets)	8,708,051	69,458	8,777,509
Total Expenditure	8,708,051	69,458	8,777,509
Funds at beginning of year (including reserves)	39,445,068	2,624,659	42,069,727
Funds at end of year (including reserves)	43,293,474	2,681,649	45,975,123
Assets			
	Fixed Assets		5,199,824
	Investment Assets		40,275,454
	Other Assets		3,868,216
		Total Assets	49,343,494
Liabilities		Total Liabilities	3,368,371
Net assets (Total Assets less Total Liabilities)			45,975,123

Information on Industrial action ballots

(see notes 74 to 80)

Did the union hold any ballots in respect of industrial action during the return period?

NO

If Yes How many ballots were held:

For each ballot held please complete the information below:

Ballot 1

Number of individuals who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of Individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

* 1-3 should total "Number of votes cast in the ballot"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot Y / N

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)? Y / N

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot Y / N

Ballot 2

Number of individuals who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of Individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

* 1-3 should total "Number of votes cast in the ballot"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot Y / N

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)? Y / N

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot Y / N

For additional ballots please continue on next page

Ballot 3

Number of individuals who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of Individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

*** 1-3 should total "Number of votes cast in the ballot"**

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot Y / N

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)? Y / N

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot Y / N

Ballot 4

Number of individuals who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of Individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

*** 1-3 should total "Number of votes cast in the ballot"**

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot Y / N

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)? Y / N

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot Y / N

Ballot 5

Number of individuals who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of Individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

*** 1-3 should total "Number of votes cast in the ballot"**

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot Y / N

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)? Y / N

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot Y / N

Use a continuation sheet if necessary

Information on Industrial action

(see note 81)

*Categories of Nature of Trade Dispute :

A: terms and conditions of employment, or the physical conditions in which any workers are required to work;

B: engagement or non-engagement, or termination or suspension of employment or the duties of employment, of one or more workers;

C: allocation of work or the duties of employment between workers or groups of workers;

D: matters of discipline;

E: a worker's membership or non-membership of a trade union;

F: facilities for officials of trade unions;

G: machinery for negotiation or consultation, and other procedures, relating to any of the above matters, including the recognition by employers or employers' associations of the right of a trade union to represent workers in such negotiation or consultation or in the carrying out of such procedures

Did Union members take industrial action during the return period in response to any inducement on the part of the Union? NO

If YES, for each industrial action taken please complete the information below:

Industrial Action 1

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Industrial Action 2

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Industrial Action 3

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

use a continuation page if necessary

Industrial Action 4

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

- A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Industrial Action 5

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

- A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Industrial Action 6

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

- A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Industrial Action 7

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

- A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Industrial Action 8

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

- A B C D E F G

2. Dates of the industrial action taken:

3. Number of days of industrial action:

4. Nature of industrial action. Strike Action / Action Short of a Strike (delete one as appropriate)

Notes to the accounts
(see notes 82 and 83)

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



SEE SEPARATE SHEETS

Accounting policies
(see notes 84 and 85)

SEE SEPARATE SHEETS

Signatures to the annual return
(see notes 86 and 87)

including the accounts and balance sheet contained in the return. Please send the return with the original signatures. Copies will not be accepted.

Secretary's Signature:  Name: _____ Date: 31/1/19	Chairman's Signature: (or other official whose position should be stated)  Name: _____ Date: 31/1/19
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Checklist

(see notes 88 and 89)
(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2 and Note 12)	Yes	✓	No	
Has the list of officers in post been completed? (see Page 2a and Note 12)	Yes	✓	No	
Has the return been signed? (see Pages 23 and 25 and Notes 86 and 95)	Yes	✓	No	
Has the auditor's report been completed? (see Pages 24 and 25 and Notes 2 and 92)	Yes	✓	No	
Is a rule book enclosed? (see Notes 8 and 88)	Yes	✓	No	
A member's statement is: (see Note 104)	Enclosed	✓	To follow	
Has the summary sheet been completed? (see Page 17 and Notes 7 and 62)	Yes	✓	No	
Has the membership audit certificate been completed? (see Page i to iii and Notes 97 to 103)	Yes	✓	No	

Checklist for auditor's report

(see notes 90 to 96)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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 92 and 93)

YES

Please explain in your report overleaf or attached.

2. 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 92)

YES

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the section 28 to 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

Opinion

We have audited the financial statements of the Educational Institute of Scotland (the 'Institute') for the year ended 31 August 2018 which comprise the income and expenditure accounts, balance sheets, related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 August 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the trade Union and Labour Relations (Consolidation Act 1992).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 exemption

- 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.

Responsibilities of 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 the directors determine 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 using the going concern basis of accounting unless the intention is either intended to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 the opinions we have formed.

Haines Watts Scotland

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

Date : 4 February 2019

Signature(s) of auditor or auditors:	Haines Watts Scotland	
Name(s):	HAINES WATTS SCOTLAND	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS	
Address(es):	2 COURT 3 QUALITY STREET COVENTRY CV4 5BP	
Date:	4 FEBRUARY 2019	
Contact name for enquiries and telephone number:	CRIS HUNTER 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
made in accordance with section 24ZD of the
Trade Union and Labour Relations (Consolidation) Act 1992
(See notes 97 to 103)

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 NO

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

If "NO" please complete SECTION TWO 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	Haines Watts Scotland
Name	HAINES WATTS SCOTLAND
Address	2 COURT 3 QUALITY STREET EDINBURGH EH4 5BP
Date	4 FEBRUARY 2014
Contact name and telephone number	CRAIG MONTGOMERY 0131 625 5151

Membership audit certificate

Section two

For a trade union with no more than 10,000 members at the end of the reporting period preceding the one to which this audit relates.

To the best of your knowledge and belief has the trade union during this reporting period complied with its duty to compile and maintain a register of the names and addresses of its members and secured, so far as is reasonably practicable, that the entries in the register are accurate and up-to-date?

N/A

If "NO" Please explain below:

Signature	
Name	
Office held	
Date	

The Educational Institute of Scotland

Trade Union and Labour Relations (Consolidation) Act 1992

Statement to members issued in connection with the union's Annual Return for the period ended 31 August 2018. As required by Section 32A of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. Income and Expenditure

The total income for the period was £12,556,457. This amount included payments of £6,709,780 in respect of membership income of the union. The Union's total expenditure for the period was £8,708,051.

Note- also included in income are increases in the valuation of investments and reductions in pension liabilities totalling £4,772,896.

2. Political Fund

In respect of the union's Political Fund, its total income was £126,448 and total expenditure was £69,458.

3. Salary paid to and other benefits provided to the General Secretary

The General Secretary of the union was paid £98,730 in respect of salary and £29,899 in respect of benefits.

4. 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.]

5. Auditors' Report

The following report by the Institute's Auditors, Haines Watts, Chartered Accountants and Statutory Auditors, Q Court, 3 Quality Street, Davidson's 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 2018 which comprise the income and expenditure accounts, balance sheets, related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 August 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the trade Union and Labour Relations (Consolidation) Act 1992.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 exemption

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.

Responsibilities of 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 the directors determine 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 using the going concern basis of accounting unless the intention is either intended to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that include our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 the opinions we have formed.

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

Date; 4 February 2019

NOTES ON GENERAL FUND ACCOUNTS

1. DUES OF MEMBERSHIP

	2018 £	2018 £	2017 £
Total Received		5,889,228	<u>5,764,992</u>
Less:			
Allocation to Professional Fund	-		-
Donation to Benevolent Fund	-		-
Collection Charges	<u>33,374</u>		<u>26,155</u>
		<u>33,374</u>	<u>26,155</u>
		<u>5,855,854</u>	<u>5,738,837</u>

Council at its meeting on 12 May 2017 decided that there would be no donation from members Subscriptions to the Institute's Benevolent Fund in the year to 31 August 2018 (2017 0%). Council also decided at its meeting on 12 May 2017 that the former allocation of 2.5% of Subscriptions to the Professional Fund would remain suspended for the year to 31 August 2018.

2. OTHER STAFFING COSTS

	2018 £	2017 £
Secondments		
Severance		35,881
Expenses & Training	10,500	
Travel & Vehicles	67,193	57,406
	<u>32,826</u>	<u>24,443</u>
	<u>110,519</u>	<u>117,730</u>

3. INTERNATIONAL RELATIONS EXPENSES

	2018 £	2017 £
Affiliation Fees		
Other Expenses	100,435	92,392
International Aid (See Note 19)	8,572	3,371
	<u>29,279</u>	<u>57,389</u>
	<u>138,286</u>	<u>153,152</u>

4. OTHER ORGANISATION EXPENSES

	2018 £	2017 £
Conferences - Education (ISTP)		
Conferences - Equality	10,781	5,072
Conferences - Headteachers	6,041	8,149
Secretaries Meetings	7,096	9,164
Expenses of Delegates to Conferences	8,274	5,152
Training Courses for Representatives (Executive, FELA, Equality)	8,505	4,023
Miscellaneous	21,682	28,494
	<u>10,830</u>	<u>7,495</u>
	<u>73,009</u>	<u>67,549</u>

5. PUBLICITY PRINTING & STATIONERY

	2018 £	2017 £
Student Recruitment		
Members Diaries	85,738	73,053
Copy Charges	48,054	45,817
Policy Papers - Education & Equality	21,113	19,915
Stationery, Publications & Printing	1,514	10,979
	<u>65,729</u>	<u>71,112</u>
	<u>222,148</u>	<u>220,876</u>

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

6. INFORMATION TECHNOLOGY COSTS

	2018 £	2017 £
Website Development & Licencing	24,863	27,858
Software Licencing & Maintenance Agreements	18,993	14,135
Development	6,908	6,149
On Site Support	61,888	61,282
Other - Including Installations/Configurations, Sales of Surplus PC's	2,359	2,191
	<u>114,811</u>	<u>111,595</u>

7. THE SCOTTISH EDUCATIONAL JOURNAL

	2018 £	2018 £	2017 £
Income			
Subscriptions and Sales			
Advertising and Contributions		10,178	4,484
		<u>10,178</u>	<u>4,484</u>
Expenditure			
Printing, Design, and Paper	61,580		71,674
Postage	110,011		94,489
		<u>171,591</u>	<u>166,163</u>
Net Cost of Production		<u>161,413</u>	<u>161,679</u>

8. AFFILIATION FEES, RESEARCH, GRANTS AND SUBSCRIPTIONS

	2018 £	2017 £
Research Commissions		
Sponsorship of the Arts		
Other Affiliations Donations Etc.	30,650	29,400
	<u>33,991</u>	<u>20,748</u>
	<u>64,641</u>	<u>50,148</u>

9. POST YEAR END EVENT - CAPITAL COMMITMENT

On 9 October 2018 the Institute accepted a tender in the sum of £537,644 inclusive of VAT from P M Sinclair Ltd. for the internal refurbishment of its Investment Property, 6 Clairmont Gardens Glasgow. The tender sum excluded the cost of internal lifts, loose furniture and professional fees in connection with the project and was issued by P M Sinclair Ltd on 15 August 2018.

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.

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

(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.

As FRS 102 reflects the estimated economic costs of providing pension benefits it is not appropriate to include the contributions actually paid in the year by the Institute as a percentage of employees' salaries and as pensions in respect of the unfunded arrangement and accordingly these are deducted.

(g) Paid in Year

Finally the net amount of all these adjustments has been deducted from the Operating Deficit for the year as the adjustments are also included in the overall movement of the Pensions and Unfunded Arrangement in the General Fund Balance Sheet and in the Statement of Recognised Gains and Losses, and therefore have already been reflected in the General Fund Reserve on the General Fund Balance Sheet.

<u>Summary</u>	<u>Pension Scheme</u> £	<u>Unfunded Arrangement</u> £	Total 2018 £	Total 2017 £
(a) Pensions Liabilities Interest	747,000	60,000	807,000	686,000
(b) Expected Return On Assets	(692,000)		(692,000)	(526,000)
(c) Pensions Finance Costs (a)-(b)	55,000	60,000	115,000	160,000
(d) Administrative Costs	119,000		119,000	115,000
(e) Charge to Income & Expenditure	174,000	60,000	234,000	275,000
(f) Current Service Cost	942,000	27,000	969,000	959,000
(g) Less Paid in Year	(523,000)	(82,000)	(605,000)	(592,000)
Movement on Pensions	<u>550,000</u>	<u>5,000</u>	598,000	642,000
Movement in liability (note 21)			2,707,000	3,162,000
			<u>3,305,000</u>	<u>3,804,000</u>

11. HERITABLE PROPERTY

At Valuation	2018 £	2017 £
46-48 Moray Place, Edinburgh	4,855,000	4,855,000
Depreciation	<u>4,855,000</u>	<u>4,855,000</u>
Aggregate Depreciation at 31 August 2017		
Depreciation Charge	124,487	112,500
Released on Revaluation	124,487	124,487
Aggregate Depreciation at 31 August 2018	<u>248,974</u>	<u>(112,500)</u> 124,487
Net Balance at 31 August 2018	<u>4,606,026</u>	<u>4,730,513</u>

As disclosed within the Accounting Policies the Institute's Heritable Property at 46-48 Moray Place Edinburgh together with the associated garages at Wemyss Place Mews have been included in the 2018 Accounts at estimated market value with vacant possession.

A valuation was undertaken by J & E Shepherd, Chartered Surveyors of 3 Chester Street, Edinburgh on 19 December 2017 and was undertaken in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standards (Fifth Edition) for secured lending purposes to determine Market Value.

A previous valuation undertaken by J & E Shepherd, Chartered Surveyors of 3 Chester Street, Edinburgh on 12 January 2018 valued the property at £4,500,000. The increase in value was credited to the Revaluation Reserve.

The revalued property is being depreciated over its remaining working life. The market value of the property at 31 August 2018 is not considered to be materially different to the market value in the 2017 valuation.

Had the property continued to be included in the accounts at historical cost (£69,522) excluding the refurbishment work the carrying value at 31 August 2018 would have been £40,329.

Additional Depreciation charged in the year as a consequence of the Property Revaluation amounted to £123,097 and this amount has been debited to the Revaluation Reserve and credited to the General Fund.

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

12(a). OFFICE FURNITURE AND EQUIPMENT

	2018 £	2017 £
Cost or Valuation		
Valuation at August 1996 or Subsequent Cost Additions	819,837	775,626
	<u>75,528</u>	<u>50,558</u>
Disposals	895,365	826,184
Balance at 31 August 2018	<u>75,998</u>	<u>6,347</u>
	<u>819,367</u>	<u>819,837</u>
Depreciation		
Aggregate Depreciation at 31 August 2017	454,618	366,864
Depreciation Charge	96,905	94,101
	<u>551,523</u>	<u>460,965</u>
Elimination in respect of Disposals	71,371	6,347
Aggregate Depreciation at 31 August 2018	<u>480,152</u>	<u>454,618</u>
Net Balance at 31 August 2018	<u>339,215</u>	<u>365,219</u>

12(b). MOTOR VEHICLES

	2018 £	2017 £
Cost		
Balance at 31 August 2017		
Additions	323,375	284,626
	<u>22,357</u>	<u>198,295</u>
Disposals	345,732	482,921
Balance at 31 August 2018	<u>21,570</u>	<u>159,546</u>
	<u>324,152</u>	<u>323,375</u>
Depreciation		
Aggregate Depreciation at 31 August 2017	116,365	145,182
Depreciation Charge	55,635	69,008
	<u>172,000</u>	<u>214,190</u>
Elimination in respect of Disposals	14,745	97,825
Aggregate Depreciation at 31 August 2018	<u>157,255</u>	<u>116,365</u>
Net Balance at 31 August 2018	<u>166,907</u>	<u>207,010</u>

12(c). RECONCILIATION OF DEPRECIATION CHARGE

	2018 £	2017 £
Depreciation Charge on Heritable Property		
Office Furniture and Equipment	124,487	124,487
Motor Vehicles	96,905	94,101
Loss on Assets Sold	55,635	69,008
Charged in Income and Expenditure Account	1,572	2,974
	<u>278,599</u>	<u>290,570</u>

13. INVESTMENT PROPERTIES

	2018 £	2017 £
6 Clairmont Gardens Glasgow	600,000	600,000
34 West George Street Glasgow	135,000	135,000
	<u>735,000</u>	<u>735,000</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 2018 Accounts at estimated market value with vacant possession. 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)

of Chartered Surveyors (RICS) Appraisal and Valuation Standards (Fifth Edition) for secured lending purposes to determine Market Value. In respect of 6 Clairmont Gardens there is considered to be no material difference between the estimated current market value and that of 2010.

34 West George Street, Glasgow, was previously valued on 25 June 2010 at £95,000 by J & E Shepherd and the £40,000 increase in value was credited to the Revaluation Reserve. The market value of the property at 31 August 2018 is not considered to be materially different to the market value in the 2017 valuation.

Had the properties continued to be included in the accounts at historical cost the carrying value as at 31 August 2018 would have been £166,631 (6 Clairmont Gardens) and £87,737 (34 West George Street).

34 West George Street is rented to Glasgow and North Lanarkshire Local Associations of the Institute at a combined rental of £7,250 per annum.

14. SHARES & SECURITIES

	Market Value	
	2018	2017
	£	£
Bonds, Fixed Interest & Cash Funds	-	-
Ordinary Shares	9,798,097	8,805,288
Unit Trusts	10,384,001	9,714,247
	<u>20,182,098</u>	<u>18,519,535</u>

15. LONG TERM LOAN

	2018	2017
	£	£
Unity Trust Bank	949,412	1,032,523
Less Repayable by 31 August 2018 included in Creditors	<u>62,731</u>	<u>62,500</u>
	<u>866,681</u>	<u>950,023</u>

On 29 May 2015 the Institute negotiated a Long Term Loan of £1,125,000 from Unity Trust Bank, of which £562,500 was drawn down in the year ended 31 August 2015 with the remaining £562,500 being drawn down in December 2015. The Loan was on an interest only basis for the first year, thereafter converting to monthly capital and interest payments over a 12 year period with interest charged quarterly. The first monthly capital and interest payment was paid on 1 July 2016 which amounted to £9,357.

The Loan carries interest at 2.5% over base rate and in the year to 31 August 2018 commenced at 2.75%, increasing to 3% in November 2017 and to 3.25% in August 2018.

The Arrangement Fee for the Loan was £11,250 which had been paid in full by 31 August 2018.

16. EIS-ULA GENERAL FUND

	2018	2017
	£	£
Funds at 31 August 2017	71,213	71,101
Investment Income & Interest (net)	150	112
	<u>71,363</u>	<u>71,213</u>
Expenditure	-	-
Funds at 31 August 2018	<u>71,363</u>	<u>71,213</u>

17. EIS-ULA SPECIAL FUND

	2018	2017
	£	£
Funds at 31 August 2017	260,204	255,650
Net Profit / (Loss) on Realisation of Investments	-	-
Investment Income & Interest (net)	10,041	9,224
	<u>270,244</u>	<u>264,874</u>
Expenditure	270,244	264,874
Funds at 31 August 2018	<u>5,093</u>	<u>4,670</u>
	<u>265,151</u>	<u>260,204</u>

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

18. REVALUATION RESERVE

	2018	2017
	£	£
Balance at 31 August 2017	2,661,769	2,663,455
Increase on 2017 Revaluation of 34 West George Street Glasgow	-	40,000
Increase on 2017 Revaluation of 46-48 Moray Place Edinburgh	-	355,000
Agg Depn Released on 2017 Revaluation of 46-48 Moray Place Edinburgh	-	112,500
Less: Addnl Depreciation as consequence of Revaluation	(123,097)	(123,097)
Less; Clairmont Gardens Refurbishment Costs to 31 August 2018 other than charged to Property Repairs Fund (2017 Moray Place)	(208,832)	(386,089)
Balance at 31 August 2018	<u>2,329,840</u>	<u>2,661,769</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 undergoing refurbishment and will be revalued on completion of the works.

19. INTERNATIONAL AID FUND

	2018	2017
	£	£
International Aid Fund Balance as at 1 September 2017	436,553	404,164
Allocation from General Fund of 1% of Members Subscriptions	29,279	57,389
	<u>465,832</u>	<u>461,553</u>
Less : Expenditure on Projects 2017/18	(8,100)	(25,000)
International Aid Fund 31 August 2018	<u>457,732</u>	<u>436,553</u>

20. PROPERTY REPAIRS FUND

	2018	2017
	£	£
Property Repairs Fund Balance as at 1 September 2017	63,880	-
Allocation from General Fund 2017/18	75,000	100,000
	<u>138,880</u>	<u>100,000</u>
Less : Expenditure on Property Repairs 2017/18	138,880	36,120
Property Repairs Fund 31 August 2018	<u>63,880</u>	<u>63,880</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 2017 Council decided the contribution in respect of 2017/18 would be £75,000.

2017/18 expenditure on Repairs was substantially external works to the Investment Property - 6 Clairmont Gardens

21. PENSIONS LIABILITIES

	2018	2017
	£	£
Pension Scheme Surplus	423,000	(2,075,000)
Unfunded Arrangement Deficit	(2,305,000)	(2,514,000)
	<u>(1,882,000)</u>	<u>(4,589,000)</u>

The movement from 2017 to 2018 can be summarised as follows:

	2018	2017
	£'000	£'000
Opening Deficit	(4,589)	(7,751)
Current Service Cost	(969)	(959)
Interest / Net Return of Investments	283	2,441
Contributions Regular	546	511
Administrative Costs	(119)	(115)
Actuarial Gains / (Losses) & Roundings	2,966	1,284
	<u>(1,882)</u>	<u>(4,589)</u>

Full information on the determination of the Pension Fund liabilities is given in Note 22 below.

22. RELATED PARTY DISCLOSURES

(A) Key Management Remuneration

Key management personnel received remuneration in the year totalling £471,480 (2017 £465,031).

(B) Superannuation Scheme

In terms of Financial Reporting Standard No 8, the Institute and the EIS Superannuation Scheme for Officials and Staff are related parties and as such there is a requirement to disclose material transactions between them. A standard security over the Institute's property at 46-48 Moray Place, Edinburgh in favour of the Trustees was granted by the Institute on 30 April 1982 the purpose of which is to enable, in certain circumstances, the Trustees to meet the Scheme's liabilities should, at the time those liabilities become due, the Superannuation Fund be insufficient to meet those liabilities. The Standard Security originally granted on 30 April 1982 has been replaced by revised Standard Securities issued in July 2005 and March 2007. The Institute's contributions to the Scheme are shown in Notes 15, 22 and 24.

As at 31 August 2018 a net amount of £4,411 was due by the Scheme from the Institute. (2017 £3,033 due to the Scheme from the Institute).

(C) EIS Financial Services Ltd

The Institute and EIS Financial Services Ltd. are related parties and as such there is a requirement to disclose material transactions between them. The Institute owns 75% of the share capital of the company purchased at an overall cost of £65,000. The Board consists of 6 Directors of which 3 are Institute appointments. The accounts of EIS Financial Services Ltd for the year to 31 May 2018 disclose a profit of £198,472 after tax (2017 £184,078) and shareholder funds of £461,225. EIS Financial Services Ltd are tenants of the Institute's investment property 6 Clairmont Gardens, Glasgow and during the year the Institute charged £9,750 rent on normal commercial terms all of which had been paid at the year end. The Institute has granted the company two pages of advertising per issue in its publication, The Scottish Educational Journal without cost (retail value £10,550). The company has been invoiced £2,194 for advertising taken on normal commercial terms all of which was paid during the year. The Institute by way of a joint venture agreement is entitled to receive commission from EIS Financial Services Ltd which has, as from June 1996, been determined as 15% of the company's pre tax net profit. At 31 August 2018 the Institute was due £54,632 (2017 £50,961) from EIS Financial Services Ltd under the terms of the agreement. Additionally the Institute received Dividends of £111,640 (2017 £169,587). No other sums were due to or by the company at 31 August 2018.

(D) Benevolent Fund

The Institute and its Benevolent Fund are related parties and as such there is a requirement to disclose material transactions between them. The Institute did not make a donation to the Fund in 2017/18. (2016/17 Nil)

The administrative costs of operating the Benevolent Fund are met by the Institute.
As at 31 August 2018 there were no amounts due by either party. (2017 Nil).

23. RETIREMENT BENEFITS - FINANCIAL REPORTING STANDARD NO. 102

Financial Reporting Standard No.102 (FRS102) has the objectives that :

- (1) Accounts reflect at fair value the assets and liabilities of Pension Schemes.
- (2) The costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by employees.
- (3) Accounts contain adequate disclosure of the cost of providing retirement benefits.

(A) Funded Scheme

The Educational Institute of Scotland operates a Final Salary defined benefit pension scheme. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier).

The most recent formal actuarial valuation was carried out as at 31 August 2017.

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

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

	2018	2017
	£	£
Value of liabilities at start of year		
Service cost	30,990,000	31,928,000
Interest cost	942,000	930,000
Member contributions	747,000	636,000
Actuarial (gains) / losses	162,000	151,000
Benefits paid	(2,730,000)	(1,310,000)
Value of liabilities at end of year	<u>29,317,000</u>	<u>30,990,000</u>

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

	2018	2017
	£	£
Market value of assets at start of year		
Expected return on scheme assets	28,915,000	26,686,000
Actuarial gains / (losses)	338,000	2,501,000
Employer contributions		
Member contributions	546,000	511,000
Interest Income	162,000	151,000
Administrative Costs	692,000	526,000
Benefits paid	(119,000)	(115,000)
Market value of scheme assets at end of year	<u>29,740,000</u>	<u>28,915,000</u>

Amounts recognised in Income and Expenditure Account

	2018	2017
	£	£
Service cost		
Administrative Costs	942,000	930,000
Net Interest Costs	119,000	115,000
Past Service Cost	55,000	110,000
Total pension cost charged to Income & Expenditure Account	<u>1,116,000</u>	<u>1,155,000</u>

Reconciliation to the Balance Sheet

	2018	2017
	£	£
Market value of assets		
Present value of liabilities	29,740,000	28,915,000
Surplus / (Deficit) in the Scheme	<u>29,317,000</u>	<u>30,990,000</u>
	<u>423,000</u>	<u>(2,075,000)</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>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
	£000	%	£000	%
Equities	18,323	62%	17,383	60%
Gilts	5,463	18%	5,560	19%
Bonds	2,787	9%	2,783	10%
Property	2,984	10%	2,781	9%
Cash /Other	203	1%	408	2%
	<u>29,740</u>	<u>100%</u>	<u>28,915</u>	<u>100%</u>

The actual return on assets over the period was £1,030,000 (2017 £3,027,000)

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

The assumptions used by the actuary were as follows:

Financial assumptions

	<u>2018</u>	<u>2017</u>
Discount Rate	2.6%	2.4%
Retail prices inflation/Rate of increases of pensions in payment & deferreds	3.4%	3.4%
Consumer prices inflation	2.4%	2.4%
Salary Increases	4.4%	4.4%

Life expectancies

	<u>31 Aug 2018</u>		<u>31 Aug 2017</u>	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	23.4	24.4	23.2	24.2
Member age 45 (life expectancy at age 65)	25.1	26.2	24.5	25.7

History of assets, liabilities, experience gains and losses

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	£000's	£000's	£000's	£000's	£000's
Market value of Scheme assets	29,740	28,915	26,686	22,796	22,195
Value of Scheme liabilities	<u>29,317</u>	<u>30,990</u>	<u>31,928</u>	<u>25,151</u>	<u>21,132</u>
Surplus / (Deficit) in the Scheme	<u>423</u>	<u>(2,075)</u>	<u>(2,355)</u>	<u>(735)</u>	<u>(1,148)</u>

Future funding obligation

The Trustees are required to carry out an actuarial valuation every 3 years.

The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 31 August 2017. This valuation revealed a funding surplus of £8,300,000.

The Institute agreed to pay annual contributions of 30.2% of members' pensionable salaries each year to meet the cost of future service accrual. The contribution rate also covers administration expenses and insurance premiums for death in service lump sums associated with the Scheme.

The Institute expects to pay £560,000 to the Scheme during the accounting year beginning 1 September 2018.

(B) Unfunded Scheme

The Educational Institute of Scotland operates an unfunded pensions arrangement.

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

	<u>2018</u>	<u>2017</u>
	£	£
Value of liabilities at start of year		
Service cost	2,514,000	2,509,000
Interest cost	27,000	29,000
Member contributions	60,000	50,000
Actuarial (gains) / losses	-	-
Benefits paid	(237,000)	7,000
Value of liabilities at end of year	<u>(59,000)</u>	<u>(81,000)</u>
	<u>2,305,000</u>	<u>2,514,000</u>

NOTES ON GENERAL FUND ACCOUNTS (CONTD)

Analysis of changes in the value of the Scheme assets over the year		
Market value of assets at start of year	2018	2017
Expected return on scheme assets	£	£
Actuarial gains / (losses)	-	-
Employer contributions	-	-
Member contributions	59,000	81,000
Benefits paid	-	-
Market value of scheme assets at end of year	<u>(59,000)</u>	<u>(81,000)</u>

Amounts recognised in Income and Expenditure Account

Service cost	27,000	29,000
Interest cost	-	-
Expected return on plan assets	-	-
Net pension cost charged to Income & Expenditure Account	<u>27,000</u>	<u>28,000</u>

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

	2018	2017
	£	£
Actuarial (gains) / losses	(237,000)	7,000
Total amount recognised in STRGL	<u>(237,000)</u>	<u>7,000</u>

Reconciliation to the Balance Sheet

	2018	2017
	£	£
Market value of assets	-	-
Present value of liabilities	-	-
(Deficit) in the Scheme	<u>2,305,000</u>	<u>2,514,000</u>
	<u>2,305,000</u>	<u>2,514,000</u>

Financial assumptions

	2018	2017
Discount Rate	2.6% pa	2.4% pa
Retail prices inflation	3.4% pa	3.4% pa
Consumer prices inflation	2.4% pa	2.4% pa
Salary Increases	4.4% pa	4.4% pa
Rate of increases of pensions in payment Non- GMP	3.4% pa	3.4% pa
Rate of increases of pensions in payment Post 1988 GMP	2.1% pa	2.1% pa
Rate of increases for deferred pensioners	3.4% pa	3.4% pa

Life expectancies

	31 Aug 2018		31 Aug 2017	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	23.4	24.4	23.2	24.2
Member age 45 (life expectancy at age 65)	25.1	26.2	24.5	25.7

History of assets, liabilities, experience gains and losses

	2018	2017	2016	2015	2014
	£000's	£000's	£000's	£000's	£000's
Value of Scheme liabilities	<u>2,305</u>	<u>2,514</u>	<u>2,509</u>	<u>2,064</u>	<u>2,076</u>
Surplus / (Deficit) in the Scheme	<u>(2,305)</u>	<u>(2,514)</u>	<u>(2,509)</u>	<u>(2,064)</u>	<u>(2,076)</u>

The Institute expects to contribute an estimated £61,000 to its unfunded pension arrangement during the accounting year beginning 1 September 2018.

NOTES ON PROFESSIONAL FUND

1. INVESTMENTS

	Market Value	
	2018	2017
	£	£
Government Securities		
Bonds, Fixed Int. & Cash Funds		
Ordinary Shares	11,718,324	8,639,229
Unit Trusts	<u>4,288,724</u>	<u>7,300,175</u>
	16,007,048	15,939,404
Cash in Bank	243,109	150,279
	<u><u>16,250,157</u></u>	<u><u>16,089,683</u></u>

2. STRIKE HARDSHIP FUND

	2018	2017
	£	£
Balance at 31 August 2017	13,030	50,000
Contribution from Professional Fund		100,000
Disbursements		-136,970
Balance at 31 August 2018	<u><u>13,030</u></u>	<u><u>13,030</u></u>

NOTES ON POLITICAL FUND ACCOUNTS

1. INVESTMENTS

	Market Value	
	2018	2017
	£	£
Government Securities		
Bonds, Fixed Int. & Cash Funds		
Ordinary Shares		
Unit Trusts	2,175,558	2,147,379
	<hr/>	<hr/>
Cash in Bank	2,175,558	2,147,379
	9,081	78,015
	<hr/> 2,184,639 <hr/>	<hr/> 2,225,394 <hr/>

CONSOLIDATED BALANCE SHEET - 31 AUGUST 2018

NOTES

1. INVESTMENTS

	Market Value	
	2018 £	2017 £
Fixed Interest Securities		
Ordinary Shares	23,691,982	19,591,896
Unit Trusts	14,672,722	17,014,422
	38,364,704	36,606,318
Heritable Property	735,000	735,000
Cash in Bank	652,193	1,397,652
Cash Loans	2,157	9,441
	39,754,054	38,748,411

2. MOVEMENT OF FUNDS

	2018 £	2017 £
Total Funds at 31 August 2017	38,939,589	32,722,189
Net Surplus	4,052,869	6,032,024
Increase in ULA Funds	5,097	4,666
(Reduction) / Increase in Strike Support Fund 2018		(36,370)
(Reduction) / Increase in Revaluation Reserve including Additional Depreciation	(208,832)	121,411
Increase in Property Refurbishment Fund	(63,880)	63,880
Increase in International Aid Fund	21,179	32,389
Total Funds at 31 August 2018	42,746,022	38,939,589

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 £
Surplus for the Year	3,280,289	715,590	56,990
Surplus on ULA Funds	5,097		
(Decrease) / Increase in Revaln Reserve inc. additional Depreciat	(208,832)		
Increase in International Aid Fund	21,179		
(Decrease) / Increase in Property Refurbishment Fund	(63,880)		
Total Recognised Gains and Losses	3,033,853	715,590	56,990
			3,806,433

NOTES ON CONSOLIDATED ACCOUNTS OF LOCAL ASSOCIATIONS

1. OFFICE FURNITURE AND EQUIPMENT

	2018 £	2017 £
Cost		
As at 31 August 2017	257,845	275,371
Additions	4,522	3,265
	262,367	278,636
Disposals		20,791
As at 31 August 2018	262,367	257,845
Depreciation		
Aggregate Depreciation 31 August 2017	160,502	160,721
Depreciation Charge for Year	14,389	19,110
	174,891	179,831
Elimination in respect of Disposals		19,329
Aggregate Depreciation 31 August 2018	174,891	160,502
 Net Book Value as at 31 August 2018	 87,476	 97,343

2. INVESTMENTS

	Market Value	
	2018 £	2017 £
Quoted		
Government Securities		
Ordinary Shares	27,681	27,697
Unit Trusts Etc.	277,538	248,657
Bonds & Fixed Interest	215,631	219,738
	520,850	496,092
Unquoted		
Ordinary Shares	550	250
	550	250
Total	521,400	496,342

3. MOVEMENT OF FUNDS

	2018 £	2017 £
Total Funds as at 31 August 2017	3,130,138	3,028,415
Prior Year Adjustments	(4)	8,272
Surplus for Year	98,967	93,451
Total Funds as at 31 August 2018	3,229,101	3,130,138
 Subdivided Between :		
General Funds	3,181,747	3,079,416
Benevolent and Other Funds	47,354	50,722
	3,229,101	3,130,138

ACCOUNTING POLICIES

(1) **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102). The Accounts are prepared under the historical cost convention modified by the revaluation of heritable property. Details of revaluations are disclosed in notes 11, 13 and 18 to the General Fund accounts on pages 6 to 9.

Significant judgements and estimates

In preparing the financial statements, the Officers of the Institute make estimates or assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances.

In the Officers' judgement there are no critical judgements and estimates which require to be disclosed for a proper understanding of these accounts. In the Officers' judgement there are no assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(2) Furniture and Equipment are depreciated on the straight-line basis over the period of their estimated useful lives which is between 5 and 10 years. Motor cars are depreciated on the reducing balance basis at the rate of 25% per year. Heritable property held for use by the Institute is depreciated on the straight-line basis at the rate of 2.5% per year on value, taking into account subsequent revaluations.

(3) Quoted Investments have been included in the accounts at market value. The Institute's Heritable Properties held for investment purposes at 6 Clairmont Gardens and 34 West George Street Glasgow have been included in the Balance Sheet at market value, on the basis of valuations undertaken by J & E Shepherd Chartered Surveyors on 14 February 2010 and 24 November 2017 respectively, and are not depreciated. In the Institute's opinion, there is no material difference between the pre-refurbishment market value of 6 Clairmont Gardens in 2018 and the formal 2010 valuation.

(4) A cash flow statement has not been provided despite the requirement to do so under FRS 102. It is considered that such a statement would not provide any meaningful information relating to the Institute's activities or to its various funds or those of its various branches. This is consistent with previous reporting periods.

(5) **Financial Instruments**

Financial Instruments comprise financial assets and financial liabilities which are recognised when the body becomes a party to the contractual provisions of the instrument. Financial instruments are classified as "basic" in accordance with FRS102 and are accounted for at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows over the life of the financial asset or liability to the net carrying amount on initial recognition. Discounting is not applied to short-term receivables and payables, where the effect is immaterial.

Financial assets at cost comprise cash, and trade and other debtors. Financial liabilities comprise bank loans and overdrafts, trade creditors, accruals and other creditors.

ACCOUNTING POLICIES (CONTINUED)

- (6) In accordance with FRS102, the net deficit arising on the Institute's defined benefit pension scheme which is in surplus together with the deficit arising on the unfunded arrangement are disclosed on the General Fund and Consolidated Balance Sheets within Long term Liabilities. The unfunded arrangement stems from a decision taken by the institute in 1994 to augment, out of its own resources, the benefits provided by the pension scheme to the extent that pensions in payment are increased by an additional 1.5% per annum. The unfunded arrangement will not apply for Institute employees taking up post after 1 September 2007 and changes have also been introduced for pensioners, deferred members and employees in post at 31 August 2007 which restricts the benefits payable. These benefits are paid from the Institute's own resources from time to time and are not pre-funded. Movements on the pension scheme and unfunded arrangement liabilities are reflected through the General Fund to the extent that they relate either to the employer's current service costs (which is reflected as a component of Staff Costs) or movements arising from expected returns on pension scheme assets net of interest on pension scheme liabilities (which is disclosed as a component of Other Finance Costs.)

RESPONSIBILITIES OF THE INSTITUTE AND DISCLOSURE OF INFORMATION TO AUDITORS

(1) The Institute is by law under the terms of the Trade Union and Labour Relations (Consolidation) Act 1992 and its constitution required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and of the income and expenditure of the Institute for that period. The Institute is required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed;
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Institute through its elected representatives and Officers is responsible for keeping proper accounting records and establishing and maintaining a satisfactory system of control over its accounting records and transactions in order to ensure that the accounts are in agreement with the accounting records and comply with the Trade Union and Labour Relations (Consolidation) Act 1992. The Institute is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

(2) So far as the Finance Sub Committee as representatives of the Institute is aware, there is no relevant audit information of which the Institute's auditors are unaware, and each member of the Finance Sub-Committee has taken all the steps that he or she ought to have taken as a member of the Sub-Committee in order to make himself or herself aware of any relevant audit information and to establish that the Institute's auditors are aware of that information.