

## Form AR27

Trade Union and Labour relations (Consolidation) Act 1992

### Employers' Association's details

Name of Employers' Association:

Electrical Contractors' Association

Year ended:

31 December 2018

List number:

120E

Head or Main Office:

Rotherwick House  
3 Thomas More Street  
St Katherines & Wapping  
London E1W 1YZ

Has the address changed during the year to which the return relates?

Yes

No

X

(Tick as appropriate)

Website address (if available)

www.eca.co.uk

General Secretary:

Martyn Burnley

Contact name for queries regarding the completion of this return:

Terry Foreman

Telephone Number:

01732 471786

E-mail:

Terry.foreman@eca.co.uk

Please follow the guidance notes in the completion of this return. Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 109 3602.

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

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

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



## Return of members

(see note 9)

Number of members at the end of the year				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	Totals
<b>2,627</b>	<b>25</b>	<b>39</b>	<b>1</b>	<b>2,692</b>

## 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	Mike Smith	Malcolm Crofts	16/05/2018
Senior Vice President	Malcom Crofts	Jim Pridham	16/05/2018
Vice President	Jim Pridham	Gary Worrall	16/05/2018
Immediate Past President	Dave Kieft	Mike Smith	16/05/2018

## Officers in post

(see note 10)

Please insert a complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Malcolm Crofts	President
Jim Pridham	Senior Vice President
Gary Worrall	Vice President
Mike Smith	Immediate Past President

## Revenue account/General Fund

(see notes 11 to 16)

Previous Year		£	£
	<b>Income</b>		
	From Members                      Subscriptions, levies, etc	4,374,764	
	Investment income    Interest and dividends (gross)	571,595	
	Bank interest (gross)	5,496	
	Statute barred stamps	55,416	
			5,007,271
	Other income            Rents received	449,055	
	Insurance commission	3,355,592	
	Health and Safety assessments	1,142,502	
	Share of associates	645,456	
			5,592,605
	<b>Total income</b>		10,599,876
	<b>Expenditure</b>		
	Administrative expenses		
	Remuneration and expenses of staff	5,223,046	
	Occupancy costs                      )		
	Printing, Stationery, Post                      )		
	Telephones                                      )		
	Legal and Professional fees                      )-	4,779,444	
	Unrealised loss on Inv and Assoc	1,063,602	
	Loss on sale of fixed assets	237	
	Loss on sale of current asset inv	168,118	11,234,447
	Other charges            Movement in Pension deficit	475,000	
	Affiliation fees		
	Donations		
	Conference and meeting fees		
	Expenses		
	Miscellaneous (specify)		475,000
			11,709,447
	Taxation		15,819
	<b>Total expenditure</b>		11,725,266
	Surplus/Deficit for year		(1,125,390)
	Amount of fund at beginning of year		56,509,750
	Amount of fund at end of year		55,384,360

## Accounts other than the revenue account/general fund

(See notes 11 to 16)

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

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

## Accounts other than the revenue account/general fund

(See notes 11 to 16)

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

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

## Accounts other than the revenue account/general fund

[\(see notes 17 to 18\)](#)

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

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





## Fixed Assets Account

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At start of period	2,229,630	806,363		3,035,993
Additions during period		40,178		40,178
Less: Disposals during period	(222,695)	(38,391)		(261,086)
Less: DEPRECIATION:				
At start	(656,027)	(510,657)		(1,166,684)
Charge for year	(33,604)	(245,259)		(278,863)
Disposals	66,899	38,391		105,290
<b>Book amount at end of period</b>	<b>1,384,203</b>	<b>90,625</b>		<b>1,474,828</b>
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>As balance sheet</b>				

## Analysis of investments

(see note 22)

		Other Funds £
<b>Quoted</b>	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	33,787,230
	Total quoted (as Balance Sheet)	33,787,230
	*Market Value of Quoted Investments	
<b>Unquoted</b>	Holding in ESCA Estates Ltd	8,939,660
	Bluesky Trustee Co Ltd	50
	Certsure LLP	682,250
	Investment Properties	4,482,267
	Other unquoted securities (to be specified)	
	Total quoted (as Balance Sheet)	14,104,227
	*Market Value of Unquoted Investments	

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

## Analysis of investment income (controlling interests)

(see notes 23)

<b>Does the association, or any constituent part of the association, have a controlling interest in any limited company?</b>		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
Company name As detailed in note 15 of the attached accounts	Company registration number (if not registered in England & Wales, state where registered)		
<b>Incorporated Employers' Associations</b>			
<b>Are the shares which are controlled by the association registered in the association's name</b>		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
Company name	Names of shareholders		
<b>Unincorporated Employers' Associations</b>			
<b>Are the shares which are controlled by the association registered in the names of the association's trustees?</b>		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
Company name	Names of shareholders		

## Summary sheet

(see notes 24 to 33)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>Income</b>			
From Members	4,374,764		
From Investments	632,507		
Other Income (including increases by revaluation of assets)	5,592,605		
<b>Total Income</b>	10,599,876		
<b>Expenditure</b> (including decreases by revaluation of assets)	11,725,266		
<b>Total Expenditure</b>			
<b>Funds at beginning of year</b> (including reserves)	56,509,750		
<b>Funds at end of year</b> (including reserves)	55,384,360		
<b>Assets</b>			
Fixed Assets			1,474,828
Investment Assets			47,891,497
Other Assets			12,703,524
		<b>Total Assets</b>	62,069,809
<b>Liabilities</b>		<b>Total Liabilities</b>	6,685,449
<b>Net assets (Total Assets less Total Liabilities)</b>			55,384,360

**Notes to the accounts**

(see note 34)

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

As per attached accounts


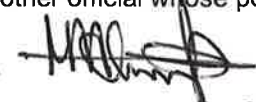
## Accounting policies

[\(see notes 35 and 36\)](#)

## Signatures to the annual return

including the accounts and balance sheet contained in the return.

[\(see notes 37 and 38\)](#)

<p>Secretary's Signature:</p>  <p>Name: Martyn Burnley</p> <p>Date:</p>	<p>Chairman's Signature: (or other official whose position should be stated)</p>  <p>Name: Malcolm Crofts</p> <p>Date:</p>
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## Checklist

[\(see note 39\)](#)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2)	Yes	<input checked="" type="checkbox"/>	No	
Has the list of officers been completed? (see page 2a)	Yes	<input checked="" type="checkbox"/>	No	
Has the return been signed? (see Note 38)	Yes	<input checked="" type="checkbox"/>	No	
Has the auditor's report been completed? (see Note 39)	Yes		No	
Is the rule book enclosed? (see Note 40)	Yes	<input checked="" type="checkbox"/>	No	
Has the summary sheet been completed? (see Notes 6 and 25 to 34)	Yes	<input checked="" type="checkbox"/>	No	

## Checklist for auditor's report

(see notes 40 to 44)

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 43 and 44)

Please explain in your report overleaf or attached.

*See attached auditors report*

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 43)

Please explain in your report overleaf or attached.

*See attached auditors report*

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 sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

**Auditor's report (continued)**

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Signature(s) of auditor or auditors:	Haymacintyre LLP	
Name(s):	Haymacintyre LLP	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS	
Address(es):	10 QUEEN STREET PLACE LONDON E4R 1AG	
Date:	31 JULY 2019	
Contact name for enquiries and telephone number:	JESSICA EDWARDS 020 7969 5607	

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



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

We have audited the attached financial statements of The Electrical Contractors' Association for the year ended 31 December 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Statement of Cash Flows, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

### Respective responsibilities of directors and auditors

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

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

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

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

### Basis of opinion

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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group and the Association's affairs as at 31 December 2018 and of the group result for the year then ended;
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (Consolidation) Act 1992;

*Haysmacintyre LLP*

Haysmacintyre LLP  
Statutory Auditors

Date 31 JULY 2019

10 Queen Street Place  
London  
EC4R 1AG

**THE ELECTRICAL CONTRACTORS' ASSOCIATION**  
**CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2018**

## **The Electrical Contractors' Association**

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

#### **For The Year Ended 31<sup>st</sup> December 2018**

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


The Association's net assets have decreased by £1.1m to £55.4m. There has been a significant improvement in the pension scheme deficit as a result of deficit funding, and the results of the latest actuarial valuation now shows a surplus of £0.6m, which is not recognised in the net assets as there is insufficient certainty that the surplus can be repaid in the foreseeable future. The Association had cash at bank of £9.2m. The Association does not have an overdraft facility but there is a facility to aggregate and offset balances in ECA Limited with that of EC Insurance Holdings Limited.

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

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

Council, mindful of the considerable impact that the Lloyd's venture had on the Association's reserves, has implemented changes to the business model of the Association, so that the provision of its core member services and benefits become less reliant on future returns from commercial investments and any drawdown from reserves. The journey continues and those targets are on course to be met without any reduction in members' services. The sale of EC Insurance Company Ltd in 2017 further de-risked the business model.

The defined benefit pension scheme position as detailed in note 21 is an ongoing issue. The Trustees have developed an investment strategy which will be more reactive to market conditions and over time will be more aligned to the scheme's liabilities.

  
By Order of the Council  
M J BURNLEY  
Secretary

ECA Court  
24-26 South  
Park  
Sevenoaks  
Kent  
TN13 1DU  
27 June 2019

## **The Electrical Contractors' Association**

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

**For The Year Ended 31<sup>st</sup> December 2018**

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

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

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

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


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

#### **INFORMATION TO AUDITORS**

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

#### **AUDITORS**

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



By Order of the Council  
M J BURNLEY  
Secretary

ECA Court  
24-26 South  
Park  
Sevenoaks  
Kent  
TN13 1DU  
27 June 2019

# The Electrical Contractors' Association

## To The Members Of The Electrical Contractors' Association

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Council have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Council.

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

- adequate accounting records have not been kept by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### Responsibilities of Council Members

As explained more fully in the Council Members' responsibilities statement, the Council Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error..

In preparing the financial statements, the Council Members are responsible for assessing the group's and the Association'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 Council Members either intend to liquidate the group or the Association or to cease operations, or have no realistic alternative but to do so.

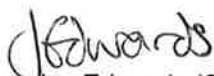
### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

### Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jessica Edwards (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors  
31 July 2019

10 Queen Street Place  
London EC4R 1AG

## The Electrical Contractors' Association

### Consolidated Income Statement

For The Year Ended 31<sup>st</sup> December 2018

<b>Other Comprehensive Income</b>		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Result for the financial year		<b>(650,390)</b>	3,928,187
Actuarial (loss)/gain	21	<b>(475,000)</b>	2,386,000
Deferred taxation on pension deficit movement		-	(752,833)
<b>Total Comprehensive Income for the year</b>		<b><u>(1,125,390)</u></b>	<b><u>5,561,354</u></b>

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

**The Electrical Contractors' Association**


**Statement of Financial Position**

**At 31<sup>st</sup> December 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>INVESTMENT</b>		
The Electrical Contractors' Association Limited		
1,507 6% Cumulative Preference Shares of £1 each, fully paid at cost	<b>£1,507</b>	£1,507
	<u>          </u>	<u>          </u>
<b>RESERVES</b>		
Accumulated fund	<b>£1,507</b>	£1,507
	<u>          </u>	<u>          </u>

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

  
.....  
J Pridham

  
.....  
M Crofts

27 June 2019

The Association has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income. The Association has no financial transactions and therefore had no profit or loss.

The accompanying notes form an integral part of these financial statements

**The Electrical Contractors' Association**

**Consolidated Statement of Cash Flows**

**For the year ended 31 December 2018**

	2018	2017
	£	£
<b>Cash flows from operating activities</b>		
Retained (deficit)/surplus for the financial year	(650,390)	3,928,187
Adjustments for:		
Share of (loss)/profits in equity accounted undertakings less distributions	(35,931)	555,624
Depreciation of tangible assets	278,863	372,189
Impairment of tangible assets	-	17,500
Loss on sale of tangible assets	237	56,477
Loss on sale of investments	168,118	(81,572)
Unrealised loss/(profit) on investments	1,411,971	(583,311)
Unrealised loss on Investment properties	-	17,500
Reclassification of fixed asset as Investment property	-	(1,044,290)
Movement in Pension deficit	(3,000)	162,560
Funding of Pension deficit	(700,000)	(2,266,000)
Interest received	(5,496)	(7,000)
Taxation	15,819	(31,749)
(Increase)/decrease in debtors	(1,480,312)	11,224,118
Increase/(decrease) in creditors	1,475,787	(28,984,184)
Cash from operations	475,666	(16,663,951)
Taxation repaid	(24,617)	(345,937)
<b>Net Cash generated from operating activities</b>	<b>451,049</b>	<b>(17,009,888)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	155,559	49,898
Proceeds from sale of Investment Properties	157,500	-
Purchases of tangible assets	(40,178)	(155,811)
Proceeds from sale of investments	5,254,755	36,221,629
Purchases of current asset investments	(29,242,055)	(1,484,793)
Purchase of interest in Associates	(1,724,300)	-
Interest received	5,495	7,000
<b>Net cash from investing activities</b>	<b>(25,433,224)</b>	<b>34,637,923</b>
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>(24,982,175)</b>	<b>17,628,035</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>34,209,779</b>	<b>16,581,744</b>
<b>Cash and cash equivalents at end of year</b>	<b>£9,227,604</b>	<b>£34,209,779</b>

The accompanying notes form an integral part of these financial statements



# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31<sup>st</sup> December 2018

#### 2. Accounting Policies (Continued)

##### (d) Turnover

Turnover represents members' subscriptions and amounts receivable from the provision of various commercial and insurance services. Subscriptions are recognised in the subscription year they relate to and sundry income in the period in which the income is earned.

##### (e) Interest and Dividends

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

##### (f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Computer hardware and software is capitalised when it is probable that future economic benefits will be derived from the expenditure and where cost can be measured reliably.

- No depreciation is charged on freehold land. Freehold buildings are written off at a rate of 2% per annum of their cost.
- Other assets are written off on a straight line basis. Fixtures, fittings and computer equipment are written off at rates between 10% to 33 $\frac{1}{3}$ % per annum. Computer software is written off in the year of purchase.

##### (g) Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Goodwill is depreciated on a straight line basis over the expected economic life of 5 years.

##### (h) Investment Properties

Investment properties are shown at Council's valuation.

##### (i) Fixed Asset Investments

Investments in associated ventures are shown at the Group's share of its associated results and net assets.

##### (j) Current Asset Investments

Quoted investments are stated in the balance sheet at open market value. Where dealings in an investment had been suspended, the Council has taken a provision for loss in value.

##### (k) Deferred Tax

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

##### (l) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

# **The Electrical Contractors' Association**

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

### **For The Year Ended 31<sup>st</sup> December 2018**

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

##### **(p) Pension Costs**

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

The liability recognised in the balance sheet in respect of the group's defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated using the projected unit credit method. Formal actuarial valuations are carried out on a triennial basis, with updated calculations being prepared at each balance sheet date. Where the calculations show a surplus, this is not recognised until such time as it is formally recognised by a reduction in the deficit contribution covenant with the Scheme.

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

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31<sup>st</sup> December 2018

#### 6. Investment and other income

	2018	2017
	£	£
Investment income from unitised investments	546,955	1,059,042
Other investment income	24,640	7,725
Rental income	449,055	193,375
Interest received	5,496	7,000
Statute barred stamps written back	55,416	55,416
	<u>£1,081,562</u>	<u>£1,322,558</u>

#### 7. Share Of Profits Before Tax In Equity Accounted Undertakings

	Holding %	2018	2017
		£	£
ESCA Estates Limited	57.14 (2017:42.86)	(325,950)	(157,674)
JIB Pension Scheme Trustee Co. Limited	50	-	-
Certsure LLP	25	971,406	926,494
		<u>£645,456</u>	<u>£768,820</u>

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

#### 8. Directors' Remuneration

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

	2018	2017
	£	£
As a director	316,447	360,501
Benefits in kind	6,784	16,255
Pension	4,297	14,308
	<u>£327,528</u>	<u>£391,064</u>
Highest paid director		
Emoluments	223,162	209,494
Pension	4,297	12,823
	<u>£227,459</u>	<u>£222,317</u>

Retirement benefits were accruing for 2 directors of the intermediate holding company throughout the year (2017: 2 directors).

# **The Electrical Contractors' Association**

## **Notes To The Accounts**

### **For The Year Ended 31<sup>st</sup> December 2018**

#### **10. Pension Scheme (continued)**

The statutory employer has agreed to meet the current pension deficit and a recovery plan has been agreed with the Trustees to pay £700,000 per annum up to 31 December 2022. In total deficit contributions in the year were £700,000 (2017: £2,200,000). The company's share was £700,000 (2017: £2,097,333).

#### **Defined Contribution Scheme**

The employer contributes 5% or 12.5% of pensionable earnings to a group occupational pension provider. The pension contributions paid by the company in the year amounted to £398,512 (2017: £361,718). The employee's contribution to this scheme is 5%. The staging date for auto enrolment was 1 April 2014 and that is now incorporated within the pension scheme with the employer contributions 3% and employee 5% from 1st October (previously 2% employer, 3% employee).

For those members transferring from the Defined Benefit Scheme, the employer has agreed to increase their contribution by 1% to 13.5% if the employee agrees to increase their contribution by 1%.

**The Electrical Contractors' Association**

**Notes To The Accounts (Continued)**

**For The Year Ended 31<sup>st</sup> December 2018**

**12. Intangible Fixed Assets**

	<i>Goodwill</i> £
<b>COST</b>	
At 1st January 2018 and 31st December 2018	<b>£2,099,979</b>
	<hr/> <hr/>
<b>AMORTISATION</b>	
At 1st January 2018 and 31st December 2018	<b>£2,099,979</b>
	<hr/> <hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2018	<b>£ -</b>
	<hr/> <hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2017	<b>£ -</b>
	<hr/> <hr/>

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

## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

#### For The Year Ended 31<sup>st</sup> December 2018

##### 15. Fixed Asset investments

	2018	2017
	£	£
Share of retained reserves in associated undertakings:		
ESCA Estates Limited	8,939,660	7,221,428
Bluesky Trustee Company Limited	50	50
Certsure LLP	682,250	640,250
	<u>£9,621,960</u>	<u>£7,861,728</u>
Movement in holding in Related Undertakings		
At 1 January 2017	7,861,728	8,417,352
Acquisitions	1,724,300	
Share of increase in net asset value	35,932	(555,624)
At 31 December 2017	<u>£9,621,960</u>	<u>£7,861,728</u>

##### Subsidiary Undertakings

Name Of Company	Shares Held	% Of Shares Held		Principal Activity
		Directly Or Indirectly		
The Electrical Contractors Association Limited	6% Cumulative Preference Shares	100%		Trade Association
ECA Affinity Services Limited	£1 Ordinary Shares	100%		Dormant
EC Insurance Holdings Limited	£1 Ordinary Shares	100%		Insurance holding company
The following are subsidiaries directly or indirectly owned by EC Insurance Holdings Limited:				
EC Insurance Services Limited	Ord £1	100%		Insurance mediation services
Brandrisks Group Limited	Ord £1	100%		Dormant
Brandrisks Limited	Ord £1	100%		Dormant
Sportsrisks Limited	Ord £1	100%		Dormant

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

EC Insurance Company Limited was sold in November 2017.

##### Associated Undertakings

Name Of Company	Shares Held	% Of Shares Held (Indirectly)	Principal Activity
ESCA Estates Limited <sup>1</sup>	£1 Ord Shares	57.14%	Property Company
Bluesky Trustee Company Limited <sup>2</sup>	£1 Ord Shares	50%	Manager of BlueSky Pension Scheme

Certsure LLP<sup>3</sup> 25% Certification and assessment  
 ECA increased its holding in ESCA Estates Ltd to 57.14% (2017: 42.857%) on 14 February 2018, but did not acquire a controlling interest. An option was granted over 7.14% of the shares at £860,000 which is exercisable up until 13 February 2020. All subsidiary undertakings, associated undertakings and other fixed asset investments are registered in England and Wales. The registered address is ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU with the exception of <sup>1</sup>Rotherwick House, 3 Thomas More Street, London, E1W 1YZ, <sup>2</sup>Unit 2, White Oak Square, Swanley BR8 7AG and <sup>3</sup>Warwick House, Houghton Hall park, Dunstable LU5 5ZX.

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31<sup>st</sup> December 2018**

**19. Provision For Liabilities And Charges**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Insurance funds		
Gross Technical provisions less Reinsurers' share		
At 1 January 2018	-	18,434,584
Amounts recognised in the statement of comprehensive income	-	£(18,434,584)
Claims outstanding and provisions including IBNR	<u>£ -</u>	<u>£ -</u>

**20. Provision For Liabilities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deferred taxation liability		
At 1 January 2018	-	74,000
Movement in the year		(74,000)
At 31 December 2018	<u>£ -</u>	<u>£ -</u>

**The Electrical Contractors' Association**

**Notes To The Accounts (Continued)**

**For The Year Ended 31<sup>st</sup> December 2018**

**21. Pension Scheme Deficit (continued)**

	<b>2018</b>	2017
	<b>£'000s</b>	£'000s
<b>Principal actuarial assumptions</b>		
<i>Weighted average assumptions used to determine benefit obligations at:</i>		
Discount rate	<b>2.90%</b>	2.60%
Rate of price inflation (RPI)	<b>3.20%</b>	3.20%
Rate of price inflation (CPI)	<b>2.20%</b>	2.20%
Rate of pension increases		
Pre April 1997	<b>3.00%</b>	3.00%
April 1997 to 5 October 1999	<b>3.60%</b>	3.60%
Post 5 October 1999	<b>3.05%</b>	3.00%
<i>Weighted average assumptions used to determine net pension cost:</i>		
Discount rate	<b>2.60%</b>	2.70%
Pension in payments increase (5% RPI)	<b>3.00%</b>	3.10%
Rate of price inflation RPI	<b>3.20%</b>	3.20%
Rate of price inflation CPI	<b>2.20%</b>	2.20%
<i>Weighted life expectancy on retirement at age 45:</i>		
Male age 65 (current life expectancy)	<b>22.8</b>	22.9
Male age 45 (life expectancy at age 65)	<b>24.1</b>	24.4
<b>Plan assets</b>		
<i>Percentage of plan assets by asset allocation</i>		
Equity Securities	<b>20%</b>	22%
Debt Securities	<b>42%</b>	41%
Property	<b>2%</b>	3%
Other	<b>36%</b>	34%
	<b>100%</b>	100%



## The Electrical Contractors' Association

### Notes To The Accounts (Continued)

#### For The Year Ended 31<sup>st</sup> December 2018

##### 25. Financial assets and liabilities

	2018	2017
	£	£
Financial assets measured at fair value through profit and loss	<b>43,409,190</b>	19,241,747
Financial assets measured at amortised cost	<b>12,250,583</b>	35,797,686
Financial liabilities measured at amortised cost	<b>(5,596,348)</b>	(4,317,297)

##### 26. Contingent Liability

ECA Limited is the guarantor for the JIB Staff Defined Benefit Pension Scheme. The last actuarial report as at 31 January 2018 has shown the assets of the pension scheme were less than the liabilities by £6,000. The funding of the shortfall is being met on an annual basis.

##### 27. Ultimate Controlling Party

The Council Members consider there to be no ultimate controlling party

##### 28. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Investment properties are valued by the Council based upon their best estimate of current and future rental yields

Valuation of Debtors is based upon management's best estimate of the provision for doubtful debts against the relevant balances.