

# Form AR27

Trade Union and Labour relations (Consolidation) Act 1992

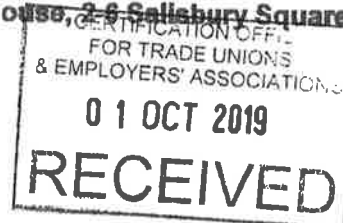
## Employers' Association's details

Name of Employers' Association:	The Electrical Contractors' Association of Scotland T/A SELECT		
Year ended:	31 December 2018		
List number:	022E (S)		
Head or Main Office:	The Walled Garden, Bush Estate Penicuik EH26 0SB		
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	(Tick as appropriate)
Website address (if available)	www.select.org.uk		
General Secretary:	John McGhee ACMA		
Contact name for queries regarding the completion of this return:	Jenny Petrie		
Telephone Number:	0131-445-5577		
E-mail:	jenny.petrie@select.org.uk		

Please follow the guidance notes in the completion of this return. Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 109 3802.

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
1,237	-	-	-	1,237

### 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

## 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
K Griffin	President
K Duncan	Vice President
E Rae	Immediate Past President
A J Smith	Central Board member
G Paterson	Central Board member
D Harris	Central Board member
C McGowan	Central Board member
D W H Smith	Central Board member
D Orr	Central Board member
J Brown	Central Board member
G Anderson	Central Board member
S Anderson	Central Board member
J Wilson	Central Board member
J Cooper	Central Board member
G Craib	Central Board member
D Crockett	Central Board member
A Grant,	Central Board member
T Harvey	Central Board member
J Lappin	Central Board member
A Noble	Central Board member
S Warren	Central Board member
A Guyan	Central Board member
M McNab	Central Board member
G Lyall	Central Board member

## Revenue account/General Fund

(see notes 11 to 16)

Previous Year		£	£
	<b>Income</b>		
1,461,403	From Members	Subscriptions, levies, etc	1,556,786
750,459	Investment income	Interest and dividends (gross)	2,005,815
-		Bank interest (gross)	-
-		Other (specify)	-
750,459			2,005,815
104,896	Other income	Rents received	104,922
-		Insurance commission	-
383,591		Consultancy fees	312,503
-		Publications/Seminars	-
189,186		Miscellaneous receipts : Sundry	163,955
54,931		Sale of goods	94,286
860,503		Management fees	882,238
1,593,107			1,557,904
3,804,969		<b>Total income</b>	<b>5,120,505</b>
	<b>Expenditure</b>		
	Administrative expenses		
1,913,039		Remuneration and expenses of staff	1,964,316
297,225		Occupancy costs	289,445
58,898		Printing, Stationery, Post	57,796
18,278		Telephones	24,044
226,395		Legal and Professional fees	177,900
37,395		Miscellaneous: publications	72,557
117,479		In-house costs	108,770
2,729		Admin expenses	111,385
-	Other charges	Bank charges	-
88,918		Depreciation	86,461
-		Sums written off	-
18,562		Affiliation fees	18,745
-		Donations	-
173,571		Conference and meeting fees	212,404
-		Expenses	-
201,147		Miscellaneous: Marketing costs	213,263
232,070		Course expenses	155,416
	Taxation		
3,385,706		<b>Total expenditure</b>	<b>3,492,502</b>
13,402		Transfer from Reserves	11,305
432,665		Surplus/Deficit for year	1,639,308
5,152,383		Amount of fund at beginning of year	5,373,048
(212,000)		Actuarial (Loss) for the year on the defined benefit pension scheme	(1,004,829)
5,373,048		Amount of fund at end of year	6,007,527

## Accounts other than the revenue account/general fund

(See notes 11 to 16)

<b>Account 2</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 3</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 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>£</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>		
	<b>Surplus (Deficit) for the year</b>		
<b>Amount of fund at beginning of year</b>			
<b>Amount of fund at the end of year (as Balance Sheet)</b>			

<b>Account 7</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>		
	<b>Surplus (Deficit) for the year</b>		
<b>Amount of fund at beginning of year</b>			
<b>Amount of fund at the end of year (as Balance Sheet)</b>			

**Balance sheet as at 31 December 2018**  
(see notes 19 and 20)

Previous Year		£	£
2,892,282	<b>Fixed Assets (as at page 8)</b>		2,827,394
	<b>Investments (as per analysis on page 9)</b>		
	Quoted (Market value £)		-
50,000	Unquoted		50,000
	<b>Total Investments</b>		<b>2,877,394</b>
	<b>Other Assets</b>		
604,514	Sundry debtors	277,611	
3,644,115	Cash at bank and in hand	3,980,348	
12,530	Stocks of goods	27,365	
-	Others (specify)	-	
	<b>Total of other assets</b>		<b>4,285,324</b>
4,261,159			
7,203,441		<b>Total assets</b>	<b>7,162,718</b>
365,225	Specific reserves		353,920
5,373,048	General reserve		6,007,527
-	Revaluation Reserve		-
	<b>Liabilities</b>		
	Loans		
	Bank overdraft		
76,237	Tax payable - Deferred Tax	(16,469)	
1,388,931	Sundry creditors	656,180	
	Accrued expenses	-	
	Provisions		
-	Other liabilities-Defined benefit pension obligation	161,560	
	<b>Total liabilities</b>		<b>801,271</b>
1,465,168		<b>Total assets</b>	<b>7,162,718</b>
7,203,441			



## Fixed Assets Account

(see note 21)

	Land & Buildings	Plant & Equipment	Investment Property	Motor Vehicles & Equipment	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At start of period	2,694,549	858,093	875,000	-	4,427,642
Additions during period	-	19,049	-	-	19,049
Less: Disposals during period	-	(210,377)	-	-	(210,377)
Less: DEPRECIATION: Depreciation on Disposals	830,375	791,658 (213,113)	-	-	1,622,033 (213,113)
Total to end of period	830,375	578,545			1,408,920
<b>Book amount at end of period</b>	1,864,174	88,220	875,000	-	2,827,394
Freehold	1,864,174	-	-	-	1,864,174
Leasehold (50 or more years unexpired)					
Leasehold (less than 50 years unexpired)					
As balance sheet	1,864,174	88,220	875,000		2,827,394

**Analysis of investments**  
(see note 22)

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

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

**Analysis of investment income (controlling interests)**  
(see notes 23)

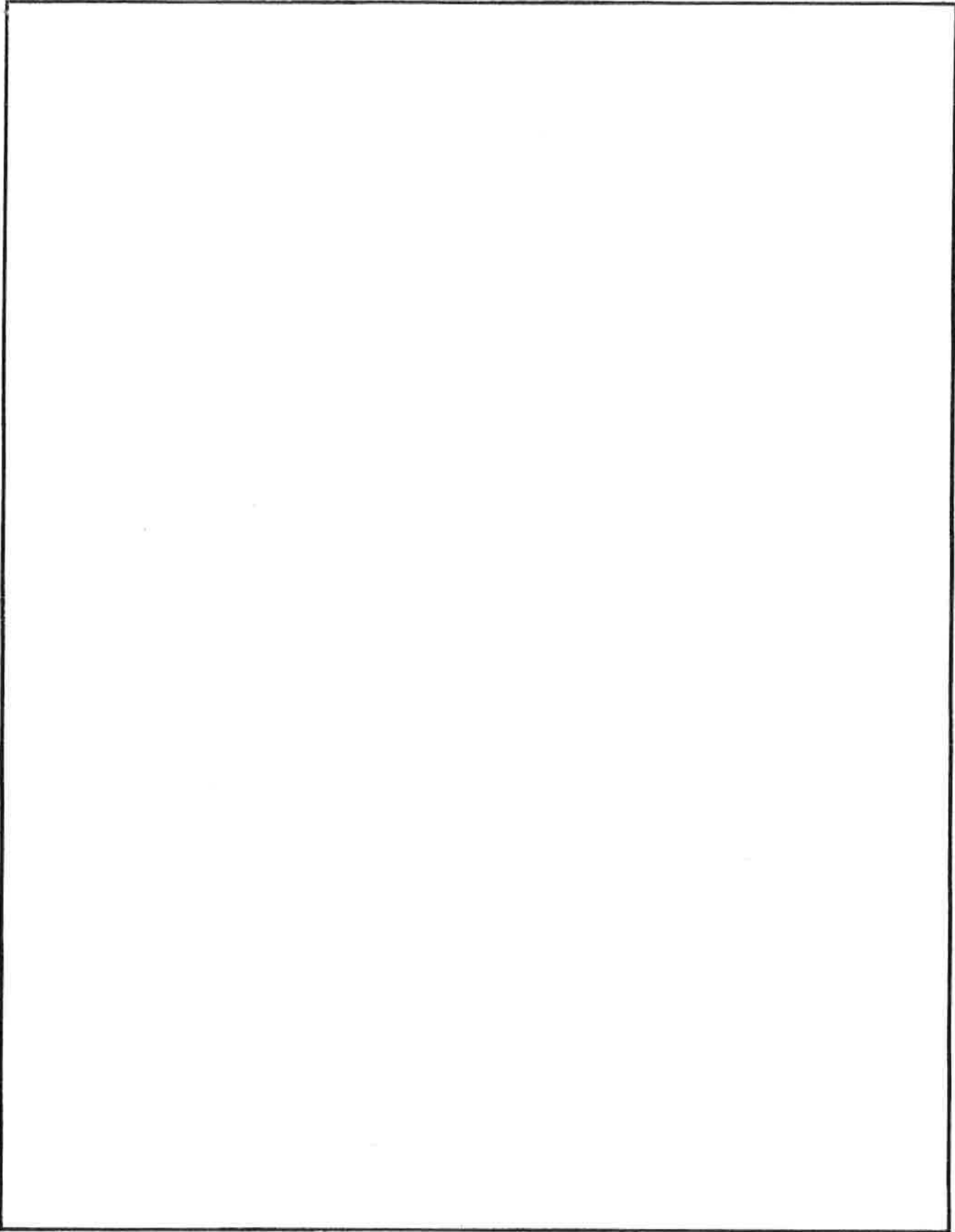
<b>Does the association, or any constituent part of the association, have a controlling interest in any limited company?</b>		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
Company name Scottish Electrical Contractors Insurance Ltd	Company registration number (if not registered in England & Wales, state where registered) SC042408		
<b>Incorporated Employers' Associations</b>			
<b>Are the shares which are controlled by the association registered in the association's name</b>		YES <input 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 checked="" 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)

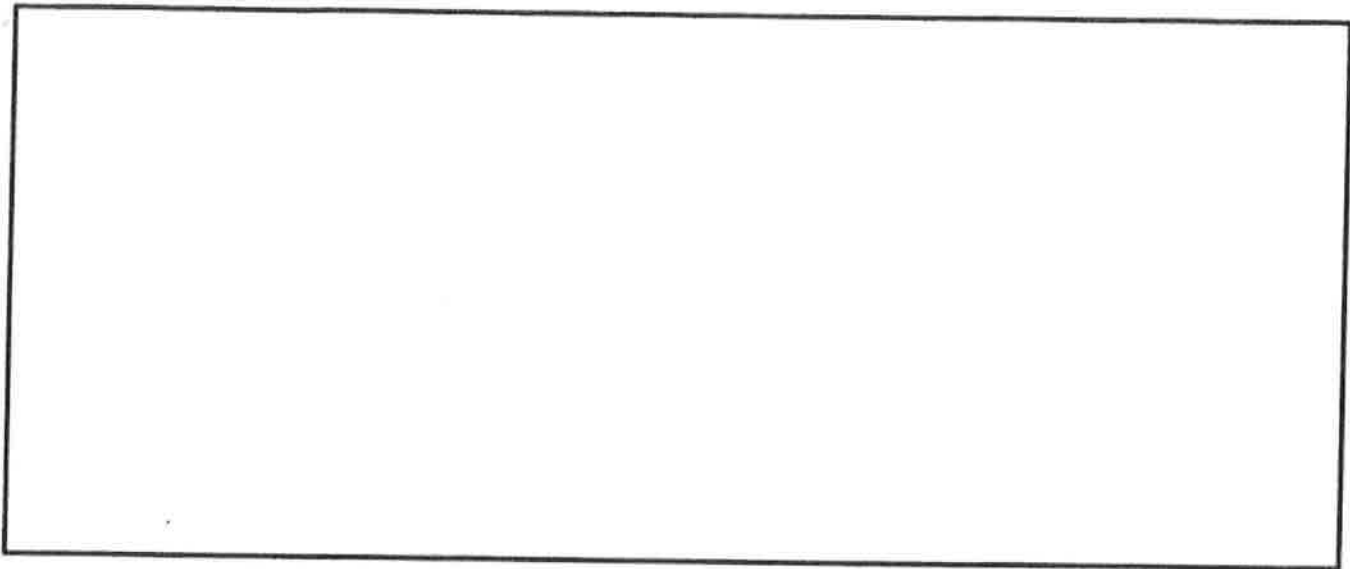
	<b>All funds except Political Funds £</b>	<b>Political Funds £</b>	<b>Total Funds £</b>
<b>Income</b>			
From Members	1,556,786	-	1,556,786
From Investments	2,005,815	-	2,005,815
Other Income (including increases by revaluation of assets)	1,557,904	-	1,557,904
<b>Total Income</b>	<b>5,120,505</b>		<b>5,120,505</b>
<b>Expenditure</b> (including decreases by revaluation of assets)	3,492,502	-	3,492,502
Other Losses -Defined benefit pension obligation	1,004,829	-	1,004,829
<b>Total Expenditure</b>	<b>4,497,331</b>		<b>4,497,331</b>
<b>Funds at beginning of year</b> (including reserves)	5,738,273	-	5,738,273
<b>Funds at end of year</b> (including reserves)	6,361,447		6,361,447
<b>Assets</b>	<b>Fixed Assets</b>		2,827,394
	Investment Assets		50,000
	Other Assets		4,285,324
	<b>Total Assets</b>		<b>7,162,718</b>
<b>Liabilities</b>	<b>Total Liabilities</b>		801,271
<b>Net assets (Total Assets less Total Liabilities)</b>			<b>6,361,447</b>

**Notes to the accounts**  
(see note 34)



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



**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><b>Secretary's Signature:</b>  </p> <p><b>Name:</b> John Mc Elroy</p> <p><b>Date:</b> 29 March 2019</p>	<p><b>Chairman's Signature:</b>          (or other official whose position should be stated)</p> <p> <span style="float: right; font-size: small;">MANAGING DIRECTOR</span></p> <p><b>Name:</b> Alan Wilson</p> <p><b>Date:</b> 29 March 2019</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	X	No	
Has the list of officers been completed? (see page 2a)	Yes	X	No	
Has the return been signed? (see Note 38)	Yes	X	No	
Has the auditor's report been completed? (see Note 39)	Yes	X	No	
Is the rule book enclosed? (see Note 40)	Yes	X	No	
Has the summary sheet been completed? (see Notes 8 and 25 to 34)	Yes		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. **Yes**
  
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. **Yes**
  
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.

***Please see report below.***



## Auditor's report (continued)

### **Independent auditor's report to the Central Board of the Electrical Contractors' Association of Scotland (trading as "SELECT")**

#### **Opinion**

We have audited the financial statements of SELECT (the 'Association') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the insurance general business technical account, the consolidated balance sheet, the Association's balance sheet, the consolidated and the parent Association's statement of changes in equity, the consolidated cash flow statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that have been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and FRS 103, Insurance Contracts, consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts, ("United Kingdom Generally Accepted Accounting Practice").

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31 December 2018 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association 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 Central Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Central Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and the Association'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.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Central Board are responsible for the

other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the report of the Central Board and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Central Board**

As explained more fully in the Central Board's responsibilities statement set out on page 1, the Central Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Central Board are responsible for assessing the Group and 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 Central Board either intend to liquidate the Group or 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 Central Board, 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 Association's Central Board 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 Central Board as a body, for our audit work, for this report, or for the opinions we have formed.

## **Independent auditor's report to the Central Board of the Electrical Contractors' Association of Scotland (trading as "SELECT")**

### **Opinion**

We have audited the financial statements of SELECT (the 'Association') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the insurance general business technical account, the consolidated balance sheet, the Association's balance sheet, the consolidated and the parent Association's statement of changes in equity, the consolidated cash flow statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that have been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and FRS 103, Insurance Contracts, consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts, ("United Kingdom Generally Accepted Accounting Practice").

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31 December 2018 and of its loss for the year then ended; and
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association 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 Central Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Central Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and the Association'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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Central Board are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the report of the Central Board and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Association as required by Section 28 of the Act; or
- a satisfactory system of control over its transactions has not been maintained by the Association; or
- the Association's financial statements are not in agreement with the accounting records of the Association; or
- we have not received all information and explanations we require for our audit.

#### **Responsibilities of Central Board**

As explained more fully in the Central Board's responsibilities statement set out on page 1, the Central Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Central Board are responsible for assessing the Group and 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 Central Board either intend to liquidate the Group or 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 Central Board, 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 Association's Central Board 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 Central Board as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

29 Jun 2019 .

Martin Gill  
For and on behalf of BDO LLP  
Chartered Accountants  
Edinburgh  
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**Use of our report**

This report is made solely to the Association's Central Board, 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 Association's Central Board 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 Central Board as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

*29 Jun 2019*

Martin Gill  
For and on behalf of BDO LLP  
Chartered Accountants  
Edinburgh  
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Signature(s) of auditor or auditors:	BDO LLP	
Name(s):	MARTIN GILL	
Profession(s) or Calling(s):	ACA	
Address(es):	BDO LLP 65 HAMMARKET TERRACE EDINBURGH EH12 5HP	
Date:	30/5/19	
Contact name for enquiries and telephone number:	0131 247 2346	

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

**The Electrical Contractors' Association of  
Scotland (trading as SELECT)  
Consolidated financial statements  
for the year ended 31 December 2018**



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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE CENTRAL BOARD OF THE ELECTRICAL CONTRACTORS' ASSOCIATION OF SCOTLAND (trading as SELECT) (CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information, including the report of the Central Board and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Central Board**

As explained more fully in the Central Board's responsibilities statement set out on page 1, the Central Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Central Board are responsible for assessing the Group and 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 Central Board either intend to liquidate the Group or 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 Central Board, as a body. Our audit work has been undertaken so that we might state to the Association's Central Board 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 Central Board as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

*20 March 2019.*

**Martin Gill**

For and on behalf of BDO LLP

Chartered Accountants

Edinburgh

United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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

## Consolidated income statement for the year ended 31 December 2018

	Note	2018	2017
		£	£
Income from membership:			
Subscriptions and application fees		345,638	352,856
Turnover levy		875,516	857,612
Training and development levies		335,832	250,935
		<u>1,556,786</u>	<u>1,461,403</u>
Sales of products and services	563,706		585,519
Cost of sales	(279,057)		(325,656)
		<u>284,649</u>	<u>259,863</u>
Transfer from insurance general business technical account (page 6)		507,567	561,674
Other income / (expense)	3	502,868	1,044,109
Committee expenses and other direct costs	4	(401,732)	(360,871)
Administrative expenses	5	(3,051,865)	(2,821,185)
<b>Operating (Loss) / Surplus</b>		<u>(601,727)</u>	<u>144,993</u>
Property and investment income	8	130,337	289,101
Loss on write down of investment	8	-	(909,960)
<b>Loss for year before taxation</b>		<u>(471,390)</u>	<u>(475,866)</u>
Taxation credit / (charge)	9	186,925	(351,934)
<b>Loss for year after taxation</b>		<u>(284,465)</u>	<u>(827,800)</u>

Results are attributable to continuing operations.

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

## Consolidated statement of other comprehensive income for the year ended 31 December 2018

	Note	2018 £	2017 £
<b>Other comprehensive income</b>			
<b>(Loss)/Surplus for the year</b>		<b>(284,465)</b>	<b>(827,800)</b>
Actuarial (loss) for the year on defined benefit pension scheme	7	(1,095,530)	(212,000)
Deferred tax on defined benefit pension scheme	9	90,701	-
<b>Total comprehensive loss for the year</b>		<b>(1,289,294)</b>	<b>(1,039,800)</b>

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

**Insurance general business technical account  
for the year ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Earned premiums</b>		
Gross premium written		
Sickness and accident benefit scheme	<b>870,707</b>	<b>883,663</b>
<b>Claims Incurred</b>		
Gross claims paid		
Sickness and accident benefit scheme	<b>(361,412)</b>	<b>(322,070)</b>
Change in the provision for claims	<b>(1,728)</b>	<b>81</b>
<b>Net claims Incurred</b>	<b>(363,140)</b>	<b>(321,989)</b>
<b>Transfer to the consolidated income statement (page 4)</b>	<b>507,567</b>	<b>561,674</b>

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

**Consolidated balance sheet as at 31 December 2018**

		2018		2017	
	Note	£	£	£	£
<b>Fixed Assets</b>	10		<b>2,827,394</b>		<b>2,892,282</b>
<b>Investments</b>	11		-		<b>1,720,000</b>
<b>Current Assets</b>					
Stocks		27,375		12,530	
Debtors	12	309,028		886,660	
Cash at bank and in hand		7,369,431		7,292,373	
			<b>7,705,834</b>		<b>8,191,563</b>
<b>Creditors: Amounts falling due within one year</b>	13	<b>(859,389)</b>		<b>(1,591,241)</b>	
<b>Net current assets</b>			<b>6,846,445</b>		<b>6,600,322</b>
<b>Total assets less current liabilities</b>			<b>9,673,839</b>		<b>11,212,604</b>
<b>Technical provisions and provisions for liabilities and charges</b>					
Provisions for outstanding claims			(7,478)		(5,654)
Deferred tax	14		16,469		(396,385)
Defined benefit pension obligation	7		(161,560)		-
<b>Net assets</b>			<b>9,521,270</b>		<b>10,810,565</b>
<b>Reserves</b>					
<b>General reserve:</b>					
Balance as at 1 January			10,445,339		11,471,737
(Loss) / Surplus for the year after taxation			(284,465)		(827,800)
Transfer from specific reserves			11,305		13,402
Other recognised gains and losses			(1,004,829)		(212,000)
<b>Balance as at 31 December</b>	15		<b>9,167,350</b>		<b>10,445,339</b>
<b>Specific reserves</b>	16		<b>353,920</b>		<b>365,226</b>
			<b>9,521,270</b>		<b>10,810,565</b>

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

**Consolidated balance sheet as at 31 December 2018 (continued)**

The financial statements on pages 4 to 31 were approved by the Central Board and are signed on their behalf by:

**President**



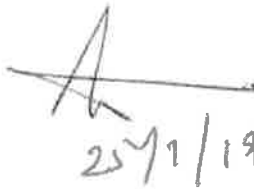
K Griffin

**Acting Managing Director**



A Wilson

20 March 2019



25/1/19

**Consolidated and Association's statements of changes in equity  
for the year ended 31 December 2018**

Group	Notes	Specific reserves			Total
		General reserves	Capital projects reserve(a)	Guarantee scheme reserve(b)	
		£	£	£	
Balance as at 1 January 2017	15, 16	11,471,737	340,460	38,168	11,850,365
Loss for the year		(814,398)	(10,297)	(3,105)	(827,800)
Other comprehensive income for the year		(212,000)	-	-	(212,000)
Total comprehensive income for the year		(1,026,398)	(10,297)	(3,105)	(1,039,800)
Balance as at 31 December 2017	15, 16	10,445,339	330,163	35,063	10,810,565
Loss for the year		(273,159)	(10,298)	(1,009)	(284,466)
Other comprehensive income for the year		(1,004,829)	-	-	(1,004,829)
Total comprehensive income for the year		(1,277,988)	(10,298)	(1,009)	(1,289,295)
Balance as at 31 December 2018	15, 16	9,167,351	319,865	34,054	9,521,270

Association	Notes	Specific reserves			Total
		General reserves	Capital projects reserve	Guarantee scheme reserve	
		£	£	£	
Balance as at 1 January 2017	15, 16	5,162,383	340,460	38,166	5,531,009
Surplus for the year		432,665	(10,297)	(3,104)	419,264
Other comprehensive income for the year		(212,000)	-	-	(212,000)
Total comprehensive income for the year		220,665	(10,297)	(3,104)	207,264
Balance as at 31 December 2017	15, 16	5,373,048	330,163	35,062	5,738,273
Surplus for the year		1,639,308	(10,297)	(1,008)	1,628,003
Other comprehensive income for the year		(1,004,829)	-	-	(1,004,829)
Total comprehensive income for the year		634,479	(10,297)	(1,008)	623,174
Balance as at 31 December 2018	15, 16	6,007,527	319,866	34,054	6,381,447



## Consolidated cash flow statement for the year ended 31 December 2018

	2018	2017
	£	£
<b>Cash flows from operating activities:</b>		
Loss for the financial year	(284,465)	(827,800)
<b>Adjustments for:</b>		
Impairment of investment	-	909,960
Depreciation	86,673	88,918
Interest receivable	(25,415)	(14,205)
Dividends receivable on fixed asset investments	-	(170,000)
Pension contributions	(933,000)	(212,000)
Taxation expense	(186,925)	351,934
(Increase) / decrease in stock	(14,845)	2,236
Decrease / (increase) in trade and other debtors	585,825	(422,050)
(Decrease) / increase in trade and other creditors	(851,948)	825,731
Increase/(decrease) in outstanding claims	1,824	(81)
Taxation (paid)	(27,031)	-
<b>Net cash outgoings from operating activities</b>	<b>(1,649,308)</b>	<b>532,643</b>
<b>Cash flows from Investing activities:</b>		
Interest received	25,415	14,205
Proceeds on realisation of fixed asset investment	1,720,000	-
Payments to acquire tangible fixed assets	(19,049)	(66,302)
Dividends received	-	170,000
<b>Net cash from Investing activities</b>	<b>1,726,366</b>	<b>117,903</b>
<b>Net increase in cash and cash equivalents</b>	<b>77,058</b>	<b>650,546</b>
Cash and cash equivalents at beginning of year	7,292,373	6,641,827
<b>Cash and cash equivalents at end of year</b>	<b>7,369,431</b>	<b>7,292,373</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand	6,273,608	6,201,448
Bank deposits	1,095,823	1,090,925
<b>Cash and cash equivalents</b>	<b>7,369,431</b>	<b>7,292,373</b>

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

## **Notes to the financial statements for the year ended 31 December 2018**

### **1 Principal accounting policies**

#### **General information**

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

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

SELECT meets the definition of a public benefit entity under FRS102.

#### **Statement of compliance**

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

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

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

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

These financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable UK accounting standards, as considered appropriate for a trade association and an insurance company. The insurance company results are prepared using the annual basis of accounting.

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

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

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

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

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1 Principal accounting policies (continued)

#### d) Functional and presentation currency

##### i) Functional and presentation currency

The Group's financial statements are presented in pound sterling. The Association's functional and presentation currency is pound sterling. The level of rounding is to the nearest pound sterling.

##### ii) Transactions and balances

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

#### e) Rebate Income

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

#### f) Sales of products and services

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

#### g) Subscriptions and turnover levy

Subscriptions and turnover levy are recognised in the year when they fall due and only when payment is received.

#### h) Employee benefits

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

##### i) Short term benefits

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

##### ii) Defined contribution plans

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

##### iii) Defined benefit plans

The Association operates a defined benefit pension scheme which is now closed to future accrual. In accordance with FRS 102 the operating and financing costs of pensions are charged to the consolidated income statement in the period in which they arise and are recognised separately. The costs of past service benefits enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in other comprehensive income. Pension costs are assessed in accordance with the advice of qualified actuaries. The above scheme is the subject of a buy-in/buy-out which is expected to be completed in early 2019. Please see note 7 for full details.

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1 Principal accounting policies (continued)

#### l) Taxation

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

##### i) Current taxation

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

##### ii) Deferred taxation

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

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

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

#### j) Fixed assets

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

#### k) Depreciation

Depreciation on fixed assets is calculated as follows:

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

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

#### l) Investment properties

The investment properties are valued every 5 years using the RICS 'red book' method by an independent firm of Chartered Surveyors. The last valuation took place in December 2014. At the balance sheet date, the investment property valuation is considered by the Central Board. The Central Board consider this valuation is appropriate given their knowledge of the state of the market. Movements in valuation are recognised in the consolidated income statement. Any valuation impairment beneath historic cost is recorded in the consolidated income statement.

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

#### **l) Investment properties (continued)**

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

#### **m) Leased assets**

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

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

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

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

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

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

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

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

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

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

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

#### **o) Investments**

Investments are held at fair value at the balance sheet date, with changes in fair value recognised through the income statement. The investment in ESCA Estates is valued at the agreed selling price - £1,890,000 less dividends received - £170,000. The sales transaction took place on 14 February 2018 for a consideration of £1,720,000.

Investments in subsidiaries are valued at cost less provision for impairment.

#### **p) Investment income**

Income from investments is included on an accruals basis.

#### **q) Stock**

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

#### **r) Cash and cash equivalents**

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

#### **s) Financial instruments**

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

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

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

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

#### **s) Financial Instruments (continued)**

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

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

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

The Group does not hold or issue derivative financial instruments.

#### **iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

#### **t) Annual basis of accounting for the insurance company**

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

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

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

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

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1 Principal accounting policies (continued)

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

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

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

The valuation of the defined benefit pension scheme is undertaken by an independent third party actuary.

The valuation of the investment property is carried out in line with 1(l) above.

### 2 Segmental analysis by class of business

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

	2018	2017
	£	£
<b>(Loss)/surplus before taxation</b>		
Trade association	(758,736)	(690,513)
Insurance company	287,346	214,647
	<u>(471,390)</u>	<u>(475,866)</u>
	2018	2017
	£	£
<b>Net assets</b>		
Trade association	6,461,447	5,506,003
Insurance company	3,110,123	5,354,562
	<u>9,571,570</u>	<u>10,860,565</u>
Investment in subsidiary	(50,000)	(50,000)
	<u>9,521,570</u>	<u>10,810,565</u>



## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 3 Other income / (expense)

Other income/(expenses) includes the £211 loss (2017: £5,467) made in the year on the reinsurance of life insurance with BUPA, and a rebate from BUPA relating to 2018 of £nil (2017: £43,717), £503,079 (2017: £491,105) in respect of management charges to the Scottish Joint Industry Board, and the bi-annual profit share from Phoenix Life £Nil (2017: £514,757).

### 4 Committee expenses and other direct costs

	2018	2017
	£	£
Conference, functions and meetings	172,531	148,750
Branch expenses	40,280	43,251
Marketing campaign and membership	172,698	153,836
Subscriptions	16,223	15,040
	<b>401,732</b>	<b>360,877</b>

### 5 Administrative expenses

Included in administrative expenses are the following items of expenditure:

	2018	2017
	£	£
Staff costs (see note 6)	1,873,219	1,913,039
Group audit fees of which the parent Association was £9,750 (2017: £9,200).	19,000	17,950
Group non audit fees of which the parent Association was £10,095 (2017: £10,250)		
- Tax compliance	7,265	8,700
- Other audit services	1,650	1,550
- Payroll services	2,200	1,350
Depreciation – owned assets	86,673	88,918
Operating lease rentals	74,852	75,314

£57,722 of stock (2017: £39,630) was recognised within cost of sales during the period.

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 6 Employee information

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

	2018	2017
	Number	Number
Full-time equivalents	41	40
	2018	2017
	£	£
<b>Staff costs</b>		
Salaries	1,474,044	1,311,622
Social security costs	160,875	127,828
Pension and permanent health insurances	238,300	473,589
	<b>1,873,219</b>	<b>1,913,039</b>

Included within the pension and permanent health insurances is £Nil (2017: £137,041) in respect of settlement costs for members transferring out of the defined benefit pension scheme and £Nil (2017: £91,000) in relation to the valuation of the defined benefit pension scheme at the balance sheet date.

### 7 Pension scheme

#### Defined benefit scheme

The Association operates a contributory funded pension Scheme for certain of its employees, providing benefits based on final pensionable pay. This Scheme was closed to future accrual on the 30th September 2014 and all employees transferred over to the Group Personal Pension Scheme.

The assets of the scheme are held separately from those of the Association, being invested with an insurance company.

The trustees of the scheme completed a buy-in transaction with AVIVA in June 2018 for an initial premium of £4,617,950. The assets of the scheme were divested and paid to AVIVA as well as an additional contribution of £872,820 from the Association. At the balance sheet date AVIVA had not yet completed the buy-out of the scheme and the scheme retains a legal and constructive obligation to pay further amounts if the insurer does not pay the employee benefits specified in the insurance policy. AVIVA have estimated that the remaining contribution required by the Association at the balance sheet date to be £161,580.

An actuarial valuation of the Scheme using the projected unit basis was carried out at 31 December 2018 by JLT Actuarial Services, independent consulting actuaries. The major assumptions used by the actuary were:

	2018	2017
	%	%
Rate of increases in salaries	n/a	n/a
Rate of increase in pensions in payment	3.7	3.7
Rate of increase to deferred pensions	2.5	2.4
Discount Rate	2.8	2.5
Inflation assumption RPI	3.3	3.2
Inflation assumption CPI	2.5	2.4

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Pension scheme (continued)

For the 31 December 2018 valuation the CPI inflation assumption has been utilised for deriving deferred pension revaluation with the RPI inflation assumption being utilised for deriving the pensions in payment increase.

The mortality assumptions used were as follows:

	2018 Years	2017 years
Longevity at age 65 for current pensioners:		
- Men	22.1	22.2
- Women	24.0	24.1
Longevity at age 65 for future pensioners currently aged 45:		
- Men	23.8	23.9
- Women	25.8	25.9

#### Reconciliation of present value of scheme liabilities

	2018 £	2017 £
1 January	3,352,000	4,027,000
Interest cost	83,000	103,000
Current service cost - Employers	-	-
- Members	-	-
Benefits paid	(52,000)	(57,000)
Charges paid	-	8,000
Liabilities extinguished on settlements	-	(662,000)
Gains due to benefit changes	-	(31,000)
Actuarial loss/(gain)	(156,000)	(36,000)
<b>31 December</b>	<b>3,227,000</b>	<b>3,352,000</b>

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Pension scheme (continued)

#### Reconciliation of fair value of scheme assets

	2018 £	2017 £
<b>1 January</b>	<b>3,742,000</b>	<b>4,229,000</b>
Expected return on scheme assets	105,000	113,000
Actuarial (loss) / gain	(1,501,000)	(70,000)
Benefits paid	(52,000)	(57,000)
Contributions - Employers	933,000	121,000
- Members	-	-
Assets distributed on settlements	-	(594,000)
<b>31 December</b>	<b>3,227,000</b>	<b>3,742,000</b>

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

The scheme is closed to future accrual.

The actual return on scheme assets in the year was a loss of £1,396,000 (2017: £43,000 gain).

	2018 £	2017 £
<b>Analysis of amounts charged to consolidated operating statement are as follows:</b>		
Current service cost	-	8,000
(Gains) / losses on settlements	-	(68,000)
Interest on pension scheme liabilities	-	-
(Gains) / losses due to benefit changes	-	(31,000)
<b>Total</b>	<b>-</b>	<b>(91,000)</b>

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

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Pension scheme (continued)

#### Actuarial Valuation

The most recent full actuarial valuation occurred at 1 April 2016. Following the valuation in 2014 the scheme was closed to future accrual.

Amounts for current and previous years:	2018	2017
	£	£
Defined Benefit Obligation	(3,227,000)	(3,352,000)
Plan Assets	3,227,000	3,742,000
(Deficit)/Asset	(-)	390,000
Estimated remaining contribution to complete buy-out per Aviva	(161,560)	-
<b>Total amount recognised in the consolidated statement of comprehensive income:</b>	<b>(1,095,530)</b>	<b>(212,000)</b>

#### Defined contribution scheme

Since 1 August 2003, the Association has operated a defined contribution group personal pension arrangement for employees. The cost in respect of this scheme for the period is equal to the contributions paid. These amounted to £138,446 (2017: £134,845).

There were no accrued contributions at the year-end (2017: £nil).

### 8 Property and investment income

	2018	2017
	£	£
Rental income	104,922	104,896
Dividend income	-	170,000
Other interest	25,415	14,205
	<b>130,337</b>	<b>289,101</b>
Loss on fair value of investment	-	(909,960)

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9 Taxation

	2018 £	2017 £
United Kingdom corporation tax charge based on the surplus for the year		
UK current tax @ 19.00% (2017: 19.25%)	139,957	28,605
Adjustment in respect of prior year	(4,728)	(10,921)
	<u>135,229</u>	<u>17,684</u>
Deferred tax:		
- Fixed asset timing differences	-	3,044
- Losses	-	8,663
- Origination & reverse of timing differences	(288,876)	-
- Effect of tax rate on opening balances	(33,700)	-
- Adjustment in respect of prior period	422	2,395
- Chargeable gains	-	320,148
	<u>(322,154)</u>	<u>334,250</u>
Tax on (loss)/surplus on ordinary activities	<u>(186,925)</u>	<u>351,934</u>

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK (19.25%).

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

	2018 £	2017 £
<b>Factors affecting tax charge for the year:</b>		
(Loss)/surplus on ordinary activities before tax	(465,830)	(475,866)
(Loss)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(88,508)	(91,593)
Effects of:		
Adjustments to tax charges in respect of previous periods	(4,306)	(10,921)
Fixed asset timing differences	10,595	9,384
Income not taxable for tax purposes	(2,148)	(32,719)
Other permanent differences	(287,665)	(17,525)
Expenses not deductible	(166,349)	180,639
Chargeable gains	-	324,303
Adjust closing deferred tax to average rate of 19.00%	1,939	(22,992)
Adjust opening deferred tax to average rate of 19.00%	16,819	13,358
Total tax charge for the year	<u>(186,925)</u>	<u>351,934</u>

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9 Taxation (Continued)

The standard rate of UK corporation tax in the year changed from 19% with effect from 1 April 2017 and will reduce to 17.00% from 1 April 2020. UK deferred tax is therefore recognised at the reduced rate of 19.00%.

### 10 Fixed assets

Group and Association	Investment property £	Plant and equipment £	Freehold office premises £	Total £
<b>Association and group:</b>				
Cost at 1 January 2018	875,000	858,093	2,694,549	4,427,642
Additions	-	19,049	-	19,049
Disposals	-	(210,377)	-	(210,377)
<b>At 31 December 2018</b>	<b>875,000</b>	<b>666,765</b>	<b>2,694,549</b>	<b>4,236,314</b>
<b>Accumulated Depreciation at 1 January 2018</b>				
	-	753,735	781,625	1,535,360
Charge for the year	-	37,923	48,750	86,673
Disposals	-	(213,113)	-	(213,113)
<b>At 31 December 2018</b>	<b>-</b>	<b>578,545</b>	<b>830,375</b>	<b>1,408,920</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>875,000</b>	<b>88,220</b>	<b>1,864,174</b>	<b>2,827,394</b>
<b>Net book value</b>				
<b>At 31 December 2017</b>	<b>875,000</b>	<b>104,358</b>	<b>1,912,924</b>	<b>2,892,282</b>

The investment property is held at valuation and was valued by David Adamson & Partners in December 2014 on an open market basis. The Central Board have reviewed this valuation and do not consider there to be a material movement in the property valuation.

Included in freehold office premises is land of £257,049 (2017: £257,049) which is not depreciated.

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 11 Investments

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
<b>Subsidiaries</b>				
SECI Limited				
50,000 ordinary shares (2016)				
50,000) of £1 each fully paid	-	-	50,000	50,000
<b>Others</b>				
ESCA Estates Limited	-	1,720,000	-	-
	-	1,720,000	50,000	50,000

The Association owns 100% of the share capital of SECI Limited.

During the year SECI Limited received dividends of £Nil (2017: £170,000) from ESCA Estates Limited. SECI Limited sold its investment in ESCA Estates Limited on 14 February 2018 for a consideration of £1,720,000.

### 12 Debtors

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	73,823	83,462	73,823	83,462
Other debtors – on direct insurance operations	103,204	514,757	-	-
Other debtors	59,462	248,097	56,930	248,097
Amounts owed by group undertakings	-	-	74,319	232,611
Prepayments	72,539	40,344	72,539	40,344
	309,028	886,660	277,611	604,514



## Notes to the financial statements for the year ended 31 December 2018 (continued)

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

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	107,206	99,135	107,206	99,135
Corporation tax	135,228	17,684	-	-
Other taxation and social security	98,096	113,483	98,096	113,482
Other creditors & accruals	518,859	1,360,939	450,878	1,176,314
	<b>859,389</b>	<b>1,591,241</b>	<b>656,180</b>	<b>1,388,931</b>

### 14 Provisions for liabilities and charges

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
<b>Deferred taxation</b>				
Excess of capital allowances over depreciation	77,603	79,607	77,603	79,607
Short term timing differences relating to pension	(90,701)	-	(90,701)	-
Chargeable gains	-	320,148	-	-
Losses	(3,371)	(3,370)	(3,371)	(3,370)
<b>Deferred taxation liability</b>	<b>(16,469)</b>	<b>396,385</b>	<b>(16,469)</b>	<b>76,237</b>
Balance as at 1 January	396,385	62,135	76,237	62,135
Deferred tax credit in profit and loss account	(322,575)	331,855	(2,427)	11,707
Deferred tax credit to other comprehensive income	(90,701)	-	(90,701)	-
Adjustment in respect of prior periods	422	2,395	422	2,395
<b>Balance as at 31 December</b>	<b>(16,469)</b>	<b>396,385</b>	<b>(16,469)</b>	<b>76,237</b>

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 15 General reserves

	Association £	SECI Limited £	Total £
Balance as at 1 January 2018	5,373,048	5,072,291	10,445,339
Surplus/(loss) for the year	1,677,703	(1,962,168)	(284,465)
Transfers from specific reserves	11,305	-	11,305
Other comprehensive income	(1,004,829)	-	(1,004,829)
<b>Balance at 31 December 2018</b>	<b>6,057,227</b>	<b>3,110,123</b>	<b>9,167,350</b>

### 16 Specific reserves

	Opening Balance At 1 January 2018 £	Transfer to General reserves £	Closing Balance At 31 December 2018 £
Capital Projects Reserve (a)	330,164	(10,297)	319,867
Guarantee Scheme Reserve (b)	35,061	(1,008)	34,053
<b>Total</b>	<b>365,225</b>	<b>(11,305)</b>	<b>353,920</b>

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

### 17 Related party transactions

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

The Association is a joint partner in the Scottish Joint Industry Board for the Electrical Contracting Industry ('SJIB'), members of which are also members of the Association. The Association provides management and other services for the SJIB and the fees charged in respect of these services amounted to £522,079 (2017: £569,914). Included in other debtors are amounts due to the Association of £51,252 (2017: £250,267) at the balance sheet date.

Included within other creditors and accruals of the Group are amounts of £12,712 (2017: £23,640 debtors) due to SJIB by SECI Limited.

The Scottish Electrical Charitable Training Trust (SECTT) is a partner of the Association and through this relationship is also a related party. The Association received rental income from SECTT totalling £52,959 in the year (2017: £52,835). The Association also rented training space from SECTT in the year costing £13,501 (2017: £15,609).

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

#### Key management personnel:

The total amount paid in respect of compensation to key management personnel was £544,239 (2017: £382,741).

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### Financial commitments

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

	2018	2017
	£	£
Not later than one year	66,040	62,476
After one year but not more than five years	40,522	51,815
More than 5 years	-	-

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

The leases are for rental properties in the South Building. The future minimum lease rentals receivable under the operating leases are:

	2018	2017
	£	£
Not later than one year	68,013	93,848
After one year but not more than five years	28,600	90,011
More than 5 years	1,802	8,937

### 19 Financial instruments

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	7,605,920	9,858,689	4,235,420	4,258,285
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	626,065	1,460,074	557,784	1,275,449

Group financial assets that are debt instruments measured at amortised cost comprise investments of £Nil (2017: £1,720,000), trade debtors of £73,823 (2017: £83,462), other debtors – on direct insurance operations of £103,204 (2017: £514,757), other debtors of £59,462 (2017: £248,097) and cash at bank of £7,369,431 (2017: £7,292,373).

Association financial assets that are debt instruments measured at amortised cost comprise investments of £50,000 (2017: £50,000), trade debtors of £73,823 (2017: £83,462), amounts owed by group undertakings of £74,319 (2017: £232,611), other debtors of £56,930 (2017: £248,097) and cash at bank of £3,980,348 (2017: £3,644,115).

Group financial liabilities measured at amortised cost comprise trade creditors of £107,206 (2017: £99,135) and other creditors of £518,859 (2017: £1,360,939).

Association financial liabilities measured at amortised cost comprise trade creditors of £107,206 (2017: £99,135) and other creditors of £450,578 (2017: £1,176,314).

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 20 Management & Risk

The Association is governed and managed by a Central Board who are elected through a Branch network and are responsible for all decision making within the Association. The Central Board considers the type and scale of risk that the Association is prepared to accept in its ordinary course of activity and this is used to develop strategy and decision-making.

The Association is focused on the identification and management of potential risks and has identified the following key risks:

Insurance risk

Liquidity risk

Insurance Risk

The Association's exposure to insurance risk is limited to a potential increase in the amount of sick pay claimed and a reduction in premium income received by its subsidiary – SECI Limited.

The amount of sickness claims is monitored on an annual basis and an adjustment will be made to the premium charged to reflect any major changes. All member firms are actively encouraged to participate in the various schemes available.

Liquidity Risk

The Association through its subsidiary – SECI Limited is currently required to hold £2million in cash to satisfy PRA requirements, this is well in excess of the actual general insurance capital requirement amount required of £180,000 per the PRA return.