

## Employers' Association's details

Name of Employers' Association:

Scottish Engineering

Year ended:

30 November 2019

List number:

11 E (S)

Head or Main Office:

105 West George Street  
Glasgow  
G2 1QL

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

Yes

No

(Tick as appropriate)

Website address (if available)

[www.scottishengineering.org.uk](http://www.scottishengineering.org.uk)

General Secretary:

Chief Executive: Paul Sheerin

Contact name for queries regarding the completion of this return:

Mrs Rebecca Rigg

Telephone Number:

0141 221 3181

E-mail:

[rebeccarigg@scottishengineering.org.uk](mailto:rebeccarigg@scottishengineering.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 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 Salsbury 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
345				345

### 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**

**Alastair Johnstone**

**President**

**Rodney Ayre**

**Vice-President**

## Revenue account/General Fund

(see notes 11 to 16)

Previous Year			£	£
	<b>Income</b>			
1,019,738	From Members	Subscriptions, levies, etc		1,037,197
51,271	Investment income	Interest and dividends (gross)	48,957	
324		Bank interest (gross)	1,028	
		Other (specify)		
	Other income	Rents received		49,985
		Insurance commission		
		Consultancy fees		
14,343		Publications/Seminars		
19,000		Miscellaneous – Annual Dinner Surplus	27,055	
1,167		EEF Pension Scheme		
		Fair Value Changes		
				27,055
1,105,843		<b>Total Income</b>		1,114,237
	<b>Expenditure</b>			
	Administrative expenses			
744,943		Remuneration and expenses of staff	651,897	
79,127		Occupancy costs	102,200	
46,357		Printing, Stationery, Post	30,261	
5,707		Telephones	8,403	
46,467		Legal and Professional fees	89,845	
52,232		Miscellaneous – Motor & Travel Expense	51,296	
7,938		General Expenses	1,929	
9,293		Subscriptions	9,847	
2,448	Other charges	Bank charges	2,468	945,678
4,167		Depreciation		
		Sums written off		
		Affiliation fees		
		Donations		
		Conference and meeting fees		
		Expenses		
22,675		Miscellaneous – Unwinding of pension	28,730	
(20,651)		Loss/(Gain) on Disposal of Inv	16,796	
		Change in actuarial estimate	186,404	
59,237		Fair Value Changes	(132,018)	
65,304	Taxation			102,380
				(52,754)
1,125,244		<b>Total expenditure</b>		995,304
(19,401)		Surplus/Deficit for year		118,933
1,527,113		Amount of fund at beginning of year		1,507,712
1,507,712		Amount of fund at end of year		1,626,645

(See notes 11 to 16)

<b>Account 2</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 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>		
	<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>			

(See notes 11 to 16)

<b>Account 4</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)	

<b>Account 5</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 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)		

## Balance sheet as at 30 November 2018

(see notes 19 and 20)

Previous Year		£	£
-	<b>Fixed Assets (as at page 8)</b>		-
	<b>Investments (as per analysis on page 9)</b>		
1,352,258	Quoted (Market value £)	1,468,035	
672,451	Unquoted	672,451	
	<b>Total Investments</b>		2,140,486
	<b>Other Assets</b>		
47,833	Sundry debtors	47,565	
179,284	Cash at bank and in hand	276,819	
	Stocks of goods		
	Others (specify)		
	<b>Total of other assets</b>		324,384
<b>2,251,826</b>		<b>Total assets</b>	<b>2,464,870</b>
7,500	Capital Reserve Fund (Account)		7,500
1,500,212	Income & Expenditure Fund (Account)		1,619,145
	Fund (Account)		
	Revaluation Reserve		
	<b>Liabilities</b>		
	Loans		
-	Bank overdraft		-
4,148	Tax payable		-
25,584	Sundry creditors		1,779
47,827	Accrued expenses		92,424
666,555	Provisions		744,022
	Other liabilities		
<b>2,251,826</b>		<b>Total liabilities</b>	<b>2,464,870</b>
<b>2,251,826</b>		<b>Total assets</b>	<b>2,464,870</b>



## Fixed Assets Account

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At start of period			50,000	50,000
Additions during period			-	-
Less: Disposals during period			-	-
Less: DEPRECIATION:			50,000	50,000
Total to end of period			50,000	50,000
<b>Book amount at end of period</b>			Nil	Nil
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>As balance sheet</b>			Nil	Nil

## Analysis of investments

(see note 22)

		Other Funds £
<b>Quoted</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>	1,468,035
	<b>Total quoted (as Balance Sheet)</b>	1,468,035
	<b>*Market Value of Quoted Investments</b>	1,468,035
<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>	672,451
	<b>Total quoted (as Balance Sheet)</b>	672,451
	<b>*Market Value of Unquoted Investments</b>	672,451

\* 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 type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
Company name	Company registration number (if not registered in England & Wales, state where registered)		
<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 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	1,037,197		
From Investments	48,957		
Other Income (including increases by revaluation of assets)	28,083		
<b>Total Income</b>	1,114,237		
<b>Expenditure</b> (including decreases by revaluation of assets)	995,304		
<b>Total Expenditure</b>	995,304		
<b>Funds at beginning of year</b> (including reserves)	1,507,712		
<b>Funds at end of year</b> (including reserves)	1,626,645		
<b>Assets</b>			
<b>Fixed Assets</b>			-
<b>Investment Assets</b>			2,140,486
<b>Other Assets</b>			324,384
		<b>Total Assets</b>	2,464,870
<b>Liabilities</b>		<b>Total Liabilities</b>	838,225
<b>Net assets (Total Assets less Total Liabilities)</b>			1,626,645

**Notes to the accounts**

(see note 34)

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

See notes attached to the end of this return.

**Accounting policies**  
(see notes 35 and 36)

See accounting policies attached to the end of this return.

**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><i>Rebecca Rigg</i></p> <p>Name: Rebecca Rigg</p> <p>Date: 8/1/20</p>	<p><b>Chairman's Signature:</b> (or other official whose position should be stated)</p> <p><i>Alastair Johnstone</i></p> <p>Name: Alastair Johnstone</p> <p>Date: 15<sup>th</sup> June 2020</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		No	
Has the list of officers been completed? (see page 2a)	Yes		No	
Has the return been signed? (see Note 38)	Yes		No	
Has the auditor's report been completed? (see Note 39)	Yes	✓	No	
Is the rule book enclosed? (see Note 40)	Yes		No	
Has the summary sheet been completed? (see Notes 6 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.

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.


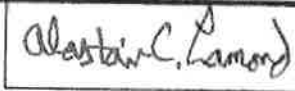
3. Your auditors or auditor must include in their report the following wording:

**In our opinion the financial statements:**

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

**Auditor's report (continued)**

See audit report attached to the end of this return.

Signature(s) of auditor or auditors:		
Name(s):	<b>John Wallace</b>	<b>Alastair Lamond</b>
Profession(s) or Calling(s):	<b>Chartered Accountant</b>	<b>ENGINEER</b>
Address(es):	William Duncan & Co 30 Miller Road Ayr KA7 2AY	LAMOND + MURRAY LTD INVERKEITHING AYR. KY11 1HT
Date:		09.01.2020
Contact name for enquiries and telephone number:	01292 265071	01383. 413541

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



# SCOTTISH ENGINEERING

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SCOTTISH ENGINEERING

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#### Opinion

We have audited the financial statements of Scottish Engineering (the 'association') for the year ended 30 November 2019 which comprise the Profit And Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is section 32 of the Trade Union and Labour Relations (Consolidation) Act 1992 (hereafter referred to as 'applicable law') and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 members' representatives use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members' representatives have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about 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 members' representatives are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

#### Opinions on other matters

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

- the information given in the Members' Representatives Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Members' Representatives Report has been prepared in accordance with applicable legal requirements.

# SCOTTISH ENGINEERING

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SCOTTISH ENGINEERING

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

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' Representatives Report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of members' representatives**

As explained more fully in the Members' Representatives Report, the members' representatives 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 members' representatives 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 members' representatives are responsible for assessing 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 members' representatives either intend to liquidate 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the members of the association. Our audit work has been undertaken so that we might state to the members of the association 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 members of the association, for our audit work, for this report, or for the opinions we have formed.

**Mr John Wallace (Senior Statutory Auditor)**  
for and on behalf of William Duncan + Co Ltd  
Chartered Accountants  
Statutory Auditor

19 December 2019

30 Miller Road  
Ayr  
Ayrshire  
KA7 2AY

**Mr Alastair Lamond (Employer Auditor)**  
for and on behalf of the members

19 December 2019

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019

### 1 Accounting policies

#### Association Information

Scottish Engineering is an employers association. The association provides a service to members for advice with health and safety, human resources and specific engineering industry queries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the association. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Turnover

Turnover is derived from subscriptions and is supplemented by training course, consultancies and rents. Turnover is recognised at fair value when received, and is shown net of VAT. Subscriptions are invoiced annually in December.

#### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% Straight Line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.4 Fixed asset investments

Interests in subsidiaries are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Transaction costs are expensed to profit or loss as incurred. Changes in fair value are recognised in other comprehensive income except to the extent that a gain reverses a loss previously recognised in profit or loss, or a loss exceeds the accumulated gains recognised in equity; such gains and loss are recognised in profit or loss.

A subsidiary is an entity controlled by the association. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.5 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.6 Financial Instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial Instruments are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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 the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the association transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the association's contractual obligations expire or are discharged or cancelled.

#### 1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The association's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the association has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.8 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.9 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 2 Employees

The average monthly number of persons employed by the association during the year was 13 (2018 - 14).

### 3 Other gains/(losses)

	2019	2018
	£	£
<b>Fair value gains/(losses)</b>		
Change in value of financial assets held at fair value through profit or loss	-	1,167
Change in the value of financial liabilities held at fair value through profit or loss	132,018	(59,237)
	<u>132,018</u>	<u>(59,237)</u>

### 4 Taxation

	2019	2018
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	4,148
Adjustments in respect of prior periods	(4,148)	-
<b>Total current tax</b>	<u>(4,148)</u>	<u>4,148</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(48,606)	61,156
<b>Total tax (credit)/charge</b>	<u>(52,754)</u>	<u>65,304</u>

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

### 5 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 December 2018 and 30 November 2019	50,000
<b>Depreciation and impairment</b>	
At 1 December 2018 and 30 November 2019	50,000
<b>Carrying amount</b>	
At 30 November 2019	-
At 30 November 2018	-

### 6 Fixed asset investments

	2019 £	2018 £
Investments	2,140,486	2,024,709

#### Movements in fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 December 2018			
Additions	672,451	1,352,258	2,024,709
Valuation changes	-	100,360	100,360
Disposals	-	129,561	129,561
	-	(114,144)	(114,144)
At 30 November 2019	672,451	1,468,035	2,140,486
<b>Carrying amount</b>			
At 30 November 2019	672,451	1,468,035	2,140,486
At 30 November 2018	672,451	1,352,258	2,024,709

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

<b>7 Debtors</b>			
<b>Amounts falling due within one year:</b>		<b>2019</b>	<b>2018</b>
		£	£
Trade debtors			
Corporation tax recoverable		13,569	17,959
Other debtors		4,148	-
Prepayments and accrued income		103	-
		29,745	29,874
		<u>47,565</u>	<u>47,833</u>
<b>8 Creditors: amounts falling due within one year</b>		<b>2019</b>	<b>2018</b>
		£	£
Corporation tax		-	4,148
Other taxation and social security		-	25,584
Other creditors		1,779	-
Accruals and deferred income		92,424	47,827
		<u>94,203</u>	<u>77,559</u>
<b>9 Provisions for liabilities</b>		<b>2019</b>	<b>2018</b>
		£	£
Deferred tax liabilities		128,348	176,954
Retirement benefit obligations	10	615,674	489,601
		<u>744,022</u>	<u>666,555</u>
<b>10 Retirement benefit schemes</b>		<b>2019</b>	<b>2018</b>
<b>Defined contribution schemes</b>		£	£
Charge to profit or loss in respect of defined contribution schemes		48,208	55,487

The association operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the association in an independently administered fund.



# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

### 10 Retirement benefit schemes

(Continued)

#### Defined benefit schemes

A full actuarial valuation for the scheme was carried out at 31 March 2017 which showed a deficit of £29m. To eliminate this deficit, the Trustees have asked the participating employers to pay additional contributions to the scheme of £2.5m per annum until April 2021, then an additional £3.8m per annum until April 22 and an additional £4.07m until the end date of 31 December 2025.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities. Scottish Engineering's share of the scheme liabilities is 3.24%.

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement the association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

<i>Key assumptions</i>	2019	2018
	%	%
Discount rate	4.25	4.25

<i>Amounts recognised in the profit and loss account</i>	2019	2018
	£	£
Net interest on defined benefit liability/(asset)	28,730	22,675
Other costs and income	186,404	-
Total costs	215,134	22,675

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2019	2018
	£	£
Present value of defined benefit obligations	615,674	489,601
Deficit in scheme	615,674	489,601

#### *Movements in the present value of defined benefit obligations*

	2019
	£
Liabilities at 1 December 2018	489,601
Change in pension actuarial estimate	186,404
Benefits paid	(89,061)
Interest cost	28,730
At 30 November 2019	615,674

# SCOTTISH ENGINEERING

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

### 10 Retirement benefit schemes

(Continued)

The actual return on plan assets was £- (2018 - £-).

### 11 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year		
Profit/(loss) for the year	1,500,212	1,519,613
	118,933	(19,401)
At the end of the year	<u>1,619,145</u>	<u>1,500,212</u>

### 12 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the association for motor vehicles. Leases are negotiated for an average term of 3 years and rentals are fixed.

At the reporting end date the association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
	<u>38,784</u>	<u>41,045</u>