Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	The Electrical Contractors' Association of Scotland
Year ended:	31st December 2019
List No:	022E (S)
Head or Main Office:	The Walled Garden
	The Bush Estate
	Midlothian
Postcode	EH26 0SB
Website address (if available)	www.select.org.uk
Has the address changed during the year to which the return relates?	Yes [ ] No [X] ('X' in appropriate box)
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 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

Contents

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
1,232				1,232

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
Vice President	Kenneth Duncan	Donald W Orr	5th June 2019

Officers in post

(see note 10)

Please 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
D W Orr	Vice President
E Rae	Immediate Past President
S Anderson	Central Board Member
G Craib	Central Board Member
A J Smith	Central Board Member
J Cooper	Central Board Member
C Dobbie	Central Board Member
G Paterson	Central Board Member
J Wilson	Central Board Member
G Anderson	Central Board Member
A Noble	Central Board Member
P Erasmusen	Central Board Member
A Guyan	Central Board Member
D Harris	Central Board Member
K Berrie	Central Board Member
D W H Smith	Central Board Member
A Grant	Central Board Member
D Calder	Central Board Member
J Brown	Central Board Member
C McGowan	Central Board Member
A Harvey	Central Board Member
K Smith	Central Board Member
G Lyall	Central Board Member

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
1,556,786	From Members	Subscriptions, levies, etc	1,505,308	1,505,308
2,005,815	Investment income	Interest and dividends (gross)		
-		Bank interest (gross)	4,469	4,469
-		Other (specify)		
		Unrealised Gain on investment	62,994	62,994
		Revaluation of property	150,000	150,000
2,005,815		Total Investment Income	217,463	217,463
104,922	Other Income	Rents received	108,163	108,163
-		Insurance commission		
312,503		Consultancy fees	563,950	563,950
-		Publications/Seminars		
		Miscellaneous receipts (specify)		
163,955		Sundry	179,738	179,738
94,286		Sale of goods	75,741	75,741
882,238		Management Fees	905,737	905,737
1,557,904		Total of other income		1,833,329
5,120,505		**Total income**		3,556,100
		Interfund Transfers IN		
	Expenditure			
1,964,316	Administrative expenses	Remuneration and expenses of staff	1,800,658	1,800,658
289,445		Occupancy costs	311,277	311,277
57,796		Printing, Stationery, Post	59,127	59,127
24,044		Telephones	23,063	23,063
177,900		Legal and Professional fees	190,570	190,570
		Miscellaneous (specify)		
72,557		Publications	53,194	53,194
108,770		In-house costs	183,210	183,210
111,385		Admin Expenses	375,077	375,077
2,806,213		Total of Admin expenses		2,996,176
-	Other Charges	Bank charges		
86,461		Depreciation	92,288	92,288
-		Sums written off		
18,745		Affiliation fees	21,176	21,176
-		Donations		
212,404		Conference and meeting fees	168,698	168,698
-		Expenses		
		Miscellaneous (specify)		
213,263		Marketing Costs	208,609	208,609
155,416		Course Expenses	232,119	232,119
1,004,829		Actuarial loss - D B pension scheme		
-11,305		Release of Capital Projects & Guarantee Scheme	-18,287	-18,287
1,679,813		Total of other charges		704,603
		Taxation		
4,486,026		**Total expenditure**		3,700,779
		Interfund Transfers OUT		
634,479		Surplus/Deficit for year		-144,679
5,373,048		Amount of fund at beginning of year		6,007,527
6,007,527		Amount of fund at end of year		5,862,848

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 2		Fund Account
Name of account:	£	£
Income		
From members		
Investment income		
Other Income (specify)		
Total Income		
Interfund Transfers IN		
Expenditure		
Administrative expenses		
Other expenditure (specify)		
Total Expenditure		
Interfund Transfers OUT		
Surplus (Deficit) for the year		
Amount of fund at beginning of year		
Amount of fund at the end of year (as Balance Sheet)		

Account 3		Fund Account
Name of account:	£	£
Income		
From members		
Investment income		
Other income (specify)		
Total Income		
Interfund Transfers IN		
Expenditure		
Administrative expenses		
Other expenditure (specify)		
Total Expenditure		
Interfund Transfers OUT		
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 Revenue Account/General Fund

(see notes 17 to 18)

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

Account 5		Fund Account
Name of account:	£	£
Income		
From members		
Investment income		
Other income (specify)		
Total Income		
Interfund Transfers IN		
Expenditure		
Administrative expenses		
Other expenditure (specify)		
Total Expenditure		
Interfund Transfers OUT		
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 Revenue Account/General Fund

(see notes 17 to 18)

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

Account 7		Fund Account
Name of account:	£	£
Income		
From members		
Investment income		
Other income (specify)		
Total Income		
Interfund Transfers IN		
Expenditure		
Administrative expenses		
Other expenditure (specify)		
Total Expenditure		
Interfund Transfers OUT		
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 [31 December 2019]

(see notes 19 and 20)

Previous Year			£	£
2,827,394	**Fixed Assets** (as at Page 8)		3,012,992	3,012,992
	Investments (as per analysis on page 9)			
	Quoted (Market value £	) as at Page 9		2,062,994
50,000	Unquoted (Market value £	) as at Page 9		50,000
		Total Investments	2,112,994	2,112,994
	Other Assets			
277,611	Sundry debtors		365,132	365,132
3,980,348	Cash at bank and in hand		1,456,345	1,456,345
27,365	Stocks of goods		22,726	22,726
-	Others (specify)			
7,162,718		**Total of other assets**	1,844,203	1,844,203
		Total Assets		6,970,189
6,007,527		Revenue Account/ General Fund	5,862,848	
-		Revaluation Reserve		#
353,920		Specific Reserves	335,633	#
6,007,527		General Reserve		#
	Liabilities			#
-16,469	Tax payable - Deferred tax		128,041	
656,180	Sundry Creditors		643,667	
161,560	Deferred Benefit Pension Obligation			
801,271		**Total Liabilities**		771,708
7,162,718		**Total Assets**		6,970,189

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period	3,569,549	666,765		4,236,314
Additions during period	150,000	127,886		277,886
Less: Disposals		-27,070		-27,070
Less: Depreciation	-879,125	-595,013		-1,474,138
Total to end of period	2,840,424	172,568		3,012,992
Book Amount at end of period	2,840,424	172,568		3,012,992
Freehold	2,840,424			2,840,424
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired				
Total of Fixed Assets	2,840,424	172,568		3,012,992

Analysis of Investments

(see note 22)

		Other Funds
Quoted		
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Investment portfolio with Heartwood (valuation at 31 December 2019)	2,062,994
	Total Quoted (as Balance Sheet)	2,062,994
	Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	50,000 ordinary shares of £1.00 each fully paid up Scottish Electrical Contractors' Insurance Lts	50,000
	Total Unquoted (as Balance Sheet)	50,000
	Market Value of Unquoted Investments	

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

Analysis of investment income
(Controlling interests)

(see note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?	Yes	x	No	

If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
Scottish Electrical Contractors' Insurance Ltd	SC042408

Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name	Yes		No	

If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders

Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?	Yes	x	No	

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	Total Funds
	£	£
Income		
From Members	1,505,307	1,505,307
From Investments	217,463	217,463
Other Income (including increases by revaluation of assets)	1,833,329	1,833,329
Total Income	3,556,099	3,556,099
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	3,719,066	3,719,066
Funds at beginning of year (including reserves)	6,361,447	6,361,447
Funds at end of year (including reserves)	6,198,481	6,198,481
ASSETS		
Fixed Assets		3,012,992
Investment Assets		2,112,994
Other Assets		1,844,203
Total Assets		6,970,189
Liabilities		
Total Liabilities		771,708
Net Assets (Total Assets less Total Liabilities)		6,198,481

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 attached Financial Statements

Accounting policies

(see notes 35 & 36)

See attached Financial Statements

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature:		Chairman's Signature:	
			Managing Director
Name:	John McGhee	Name:	Alan Wilson
Date:	24/8/2020	Date:	24/8/2020

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes		No	
Has the list of officers been completed? (see Page 2A)	Yes		No	
Has the return been signed? (see Note 37)	Yes		No	
Has the auditor's report been completed? (see Note 41)	Yes		No	
Is the rule book enclosed? (see Note 39)	Yes		No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes		No	

Checklist for auditor's report

(see notes 41 to 44)

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

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate? (See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

See attached signed 2019 financial statements

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

See attached signed 2019 financial statements

3. Your auditors or auditor must include in their report the following wording:
In our opinion the financial statements:

- **give a true and fair view of the matters to which they relate to.**
- **have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.**

Auditor's report (continued)

See 2019 signed financial statements attached to the AR27 return for a copy of the auditor's report.

Signature(s) of auditor or auditors:	BDO LLP	
Name(s):	Martin Gill	
Profession(s) or Calling(s):	ACA	
Address(es)	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD	
Date:	24 August 2020	
Contact name for enquiries and telephone number:	Martin Gill 0131 347 0346/07710 825 650	

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 2019

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

Contents

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

Report of the Central Board for the year ended 31 December 2019

The rules of The Electrical Contractors' Association of Scotland (Trading as SELECT) ('the Association') require the Central Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group (the Association and the insurance subsidiary) and of the surplus or deficit of the Group for that year. In preparing those financial statements, the Central Board is required to ensure that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- a statement is made whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Association and Group will continue in business.

The Central Board is responsible for ensuring that proper accounting records are kept which are sufficient to show and explain the Association and Group's transactions and which disclose with reasonable accuracy at any time the financial position of the Association and Group. The Central Board is also responsible for safeguarding the assets of the Association and Group and hence for ensuring that reasonable steps are taken for the prevention and detection of fraud and other irregularities.

The impact of COVID-19

The Board have been monitoring the development of the impact of COVID-19 both directly on the Group and Association's business and indirectly through the development of government policy and advice. The main considerations the Board have identified are as follows.

Operational

The Board made the decision to implement aspects of the Association's business continuity plan (BCP), specifically requiring staff at all levels and in all functions to work remotely wherever practicable, and to limit the need for gatherings of staff so far as possible. Communications within the Association are now almost wholly via email or messaging applications. The Association's IT facilities are more than adequate to maintain operations on this basis for the foreseeable future. The Board are also mindful of the differing pressures on individual members of staff, and also of the fact that these pressures change as the position nationally and local develops. The Board expects that operational changes will continue to be required as the position develops and will follow the relevant Government guidance in respect of physical distancing and returning to the office.

Market

The major risk to the Association is a drop in the income received from subscriptions and sales of products and services as the pandemic could result in a drop in the number of companies in Membership due to companies going out of business plus a drop in declared turnover both of which will see a reduction in income from subscriptions and the turnover levy which will affect the Association in 2021. Further to this due to restrictions on travel and social gatherings there is the potential that income from training courses will be greatly reduced. To try and reduce the effects of this The Board have introduced a range of on-line courses which are delivered by way of a virtual classroom and negates the need for participants to travel and gather in a classroom situation.

Due to the current uncertain economic climate the Board have decided to use some of the Association's reserves to help the Membership financially and to that effect have implemented a 30% reduction to this year's annual subscription, this cost of this will be approximately £370,000.

In an effort to reduce costs the decision was made to place a number of staff on furlough, to cancel this year's awards ceremony and toolbox talks and to carry out all meetings on an online facility to comply with social distancing requirements and to restrict the amount of travelling required.

Finance

The Group does not run any overdrafts nor does it have any outstanding bank loans in place, as at the Balance Sheet date it had cash reserves of £4,633,686 and an Investment Portfolio with Heartwood Investments part of the Handelsbanken Group which can be accessed giving five days' notice. As this portfolio is held within a range of investment options it will be subject to the effects of any market volatility and the fluctuations in the market place have seen the value of the portfolio fall from the 31 December 2019 valuation of £2,062,994 to the current valuation on 8 June 2020 of £1,993,166 a drop of £69,828 in value, the Board however are viewing this as a long term investment and the expectation is that this will recover in the long term. There are no outstanding pension liabilities.

The Board have prepared budgets and projections through to December 2021 which have factored in the expected impact that COVID-19 will have on the Association. Stress testing have also been performed on these budgets and projections.

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.

Members of the Central Board statement as to the Disclosure of Information to the Auditor

All of the current members of the Central board have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members of the Central Board are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Central Board

K Griffin
President
23 June 2020

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 2019 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 2019 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.

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

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 no 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.

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

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Electrical Contractors' Association of Scotland 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

Martin Gill

23 June 2020

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)

Consolidated income statement for the year ended 31 December 2019

	Note		2019		2018
		£	£	£	£
Income from membership:					
Subscriptions and application fees			**359,539**		345,638
Turnover levy			**875,239**		875,516
Training and development levies			**270,529**		335,632
			1,505,307		1,556,786
Sales of products and services		**814,430**		563,706	
Cost of sales		**(348,059)**		(279,057)	
			466,371		284,649
Transfer from insurance general business technical account (page7)			**393,237**		507,567
Other income / (expense)	3		**506,275**		502,868
Committee expenses and other direct costs	4		**(385,370)**		(401,732)
Administrative expenses	5		**(2,967,318)**		(3,051,865)
Gain on investment property	10		**150,000**		-
Operating (Loss) / Surplus			**(331,498)**		(601,727)
Property and investment income	8		**129,998**		130,337
					-
Loss for year before taxation			**(201,500)**		(471,390)
Taxation (charge) / credit	9		**(98,485)**		186,925
Loss for year after taxation			**(299,985)**		(284,465)

Results are attributable to continuing operations.

Consolidated statement of other comprehensive income for the year ended 31 December 2019

	Note	2019	2018
		£	£
Other comprehensive income			
(Loss)/Surplus for the year		**(299,985)**	(284,465)
Actuarial (loss) for the year on defined benefit pension scheme	7	-	(1,095,530)
Net gain on Investment	11	**62,994**	
Deferred tax on defined benefit pension scheme	9	-	90,701
Total comprehensive loss for the year		**(236,991)**	(1,289,294)

Insurance general business technical account for the year ended 31 December 2019

	2019	2018
	£	£
Earned premiums		
Gross premium written		
Sickness and accident benefit scheme	**751,006**	870,707
Claims incurred		
Gross claims paid		
Sickness and accident benefit scheme	**(357,621)**	(361,412)
Change in the provision for claims	**(148)**	(1,728)
Net claims incurred	**(357,769)**	(363,140)
Transfer to the consolidated income statement (page 5)	**393,237**	507,567

Consolidated balance sheet as at 31 December 2019

		2019		2018	
	Note	£	£	£	£
Fixed Assets	10		**3,012,992**		2,827,394
Investments	11		**2,062,994**		-
Current Assets					
Stocks		**22,728**		27,375	
Debtors	12	**389,816**		309,028	
Cash at bank and in hand		**4,633,686**		7,369,431	
			5,046,230		7,705,834
Creditors: Amounts falling due within one year	13	**(702,270)**		(859,389)	
Net current assets			**4,343,960**		6,846,445
Total assets less current liabilities			**9,419,946**		9,673,839
Technical provisions and provisions for liabilities and charges					
Provisions for outstanding claims			**(7,626)**		(7,478)
Deferred tax	14		**(128,041)**		16,469
Defined benefit pension obligation	7		**-**		(161,560)
Net assets			**9,284,279**		9,521,270
Reserves					
General reserve:					
Balance as at 1 January			**9,167,350**		10,445,339
(Loss) for the year after taxation			**(299,985)**		(284,465)
Transfer from specific reserves			**18,287**		11,305
Other recognised gains and losses			**62,994**		(1,004,829)
Balance as at 31 December	15		**8,948,646**		9,167,350
Specific reserves	16		**335,633**		353,920
			9,284,279		9,521,270

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

Consolidated balance sheet as at 31 December 2019 (continued)

The financial statements on pages 5 to 33 were approved by the Central Board and are signed on their behalf by:

President K Griffin

Managing Director A Wilson

23 June 2020

Association's balance sheet as at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets	10		**3,012,992**		2,827,394
Investments	11		**2,112,994**		50,000
Current assets					
Stocks		**22,726**		27,365	
Debtors	12	**365,132**		277,611	
Cash at bank and in hand		**1,456,345**		3,980,348	
			1,844,203		4,285,324
Creditors: Amounts falling due within one year	13	**(643,667)**		(656,180)	
Net current assets			**1,200,536**		3,629,144
Total assets less current liabilities			**6,326,522**		6,506,538
Provisions for liabilities and charges					
Deferred tax	14		**(128,041)**		16,469
Defined benefit pension obligation	7		-		(161,560)
Net assets			**6,198,481**		6,361,447
Reserves					
General reserve:					
Balance as at 1 January			**6,007,527**		5,373,048
(Deficit)/surplus for the year after taxation			**(225,960)**		1,628,003
Transfer from specific reserves			**18,287**		11,305
Other comprehensive income			**62,994**		(1,004,829)
Balance as at 31 December	15		**5,862,848**		6,007,527
Specific reserves	16		**335,633**		353,920
			6,198,481		6,361,447

Association's balance sheet as at 31 December 2019 (continued)

The financial statements on pages 5 to 33 were approved by the Central Board and are signed on their behalf by:

President K Griffin

Managing Director A Wilson

23 June 2020

Consolidated and Association's statements of changes in equity for the year ended 31 December 2019

Group	Notes	**General reserves**	**Specific reserves** Capital projects reserve(a)	Guarantee scheme reserve(b)	**Total**
		£	£	£	£
Balance as at 1 January 2018	15, 16	10,445,339	330,163	35,063	10,810,565
Deficit for the year		(273,160)	(10,297)	(1,009)	(284,466)
Other comprehensive income for the year		(1,004,829)	-	-	(1,004,829)
Total comprehensive income for the year		(1,277,989)	(10,297)	(1,009)	(1,289,295)
Balance as at 31 December 2018	15, 16	9,167,350	319,866	34,054	9,521,270
Deficit for the year		(281,698)	(10,297)	(7,990)	(299,985)
Other comprehensive income for the year		62,994	-	-	62,994
Total comprehensive income for the year		(218,704)	(10,297)	(7,990)	(236,991)
Balance as at 31 December 2019	15, 16	**8,948,646**	**309,569**	**26,064**	**9,284,279**

Association	Notes	**General reserves**	**Specific reserves** Capital projects reserve	Guarantee scheme reserve	**Total**
		£	£	£	£
Balance as at 1 January 2018	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	6,361,447
(Deficit) for the year		(207,673)	(10,297)	(7,990)	(225,960)
Other comprehensive income for the year		62,994	-	-	62,994
Total comprehensive income for the year		(144,679)	(10,297)	(7,990)	(162,966)
Balance as at 31 December 2019	15, 16	**5,862,848**	**309,569**	**26,064**	**6,198,481**

Consolidated cash flow statement for the year ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities:		
Loss for the financial year	**(299,985)**	(284,465))
Adjustments for:		
Depreciation	**92,288**	86,673
Interest receivable	**(21,837)**	(25,415)
Gain on value of investment property	**(150,000)**	-
Pension contributions	**(161,560)**	(933,000)
Taxation charge/(credit)	**98,485**	(186,925)
Decrease / (increase) in stock	**4,647**	(14,845)
(Increase) / Decrease in trade and other debtors	**(51,465)**	585,825
(Decrease) in trade and other creditors	**(21,891)**	(851,948)
Increase in outstanding claims	**148**	1,824
Taxation (paid)	**(118,526)**	(27,031)
Net cash outgoings from operating activities	**(629,696)**	(1,649,308)
Cash flows from investing activities:		
Interest received	**21,837**	25,415
Proceeds on realisation of fixed asset investment	**-**	1,720,000
Payments to acquire tangible fixed assets	**(127,886)**	(19,049)
Purchase of investments	**(2,000,000)**	-
Net cash from investing activities	**(2,106,049)**	1,726,366
Net (decrease) / increase in cash and cash equivalents	**(2,735,745)**	77,058
Cash and cash equivalents at beginning of year	**7,369,431**	7,292,373
Cash and cash equivalents at end of year	**4,633,686**	7,369,431
Cash and cash equivalents comprise:		
Cash at bank and in hand	**3,531,068**	6,273,608
Bank deposits	**1,102,618**	1,095,823
Cash and cash equivalents	**4,633,686**	7,369,431

Notes to the financial statements for the year ended 31 December 2019

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.

Notes to the financial statements for the year ended 31 December 2019

c) Going concern

The major risk to the Association is a drop in the income received from subscriptions and sales of products and services as the pandemic could result in a drop in the number of companies in Membership due to companies going out of business plus a drop in declared turnover both of which will see a reduction in income from subscriptions and the turnover levy which will affect the Association in 2021. Further to this due to restrictions on travel and social gatherings there is the potential that income from training courses will be greatly reduced. To try and reduce the effects of this The Board have introduced a range of on-line courses which are delivered by way of a virtual classroom and negates the need for participants to travel and gather in a classroom situation. Due to the current uncertain economic climate the Board have decided to use some of the Association's reserves to help the Membership financially and to that effect have implemented a 30% reduction to this year's annual subscription, this cost of this will be approximately £370,000.

In an effort to reduce costs the decision was made to place a number of staff on furlough, to cancel this year's awards ceremony and toolbox talks and to carry out all meetings on an online facility to comply with social distancing requirements and to restrict the amount of travelling required.

The Group does not run any overdrafts nor does it have any outstanding bank loans in place, as at the Balance Sheet date it had cash reserves of £4,633,686 and an Investment Portfolio with Heartwood Investments part of the Handelsbanken Group which can be accessed giving five days' notice. As this portfolio is held within a range of investment options it will be subject to the effects of any market volatility and the fluctuations in the market place have seen the value of the portfolio fall from the 31 December 2019 valuation of £2,062,994 to the current valuation on 8 June 2020 of £1,993,166 a drop of £69,828 in value, the Board however are viewing this as a long term investment and the expectation is that this will recover in the long term. There are no outstanding pension liabilities.

The Board have prepared budgets and projections through to December 2021 which have factored in the expected impact that COVID-19 will have on the Association. Stress testing have also been performed on these budgets and projections.

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.

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) 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.

Notes to the financial statements for the year ended 31 December 2019

f) Subscriptions and turnover levy

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

g) 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 was bought in July 2019. Please see note 7 for full details.

h) 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 an non-discounted basis.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Principal accounting policies (continued)

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

j) 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.

k) 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 on 31 December 2019. Movements in valuation are recognised in the consolidated income statement.
Depreciation is not provided on investment properties as these properties are not held for consumption but for investment and the Board consider that systematic annual depreciation would be inappropriate. This accounting policy is therefore necessary to give the financial statements a true and fair view.

l) 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.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Principal accounting policies (continued)

m) 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 2019 (continued)

1 Principal accounting policies (continued)

n) Investments
Investments are held at fair value at the balance sheet date, with changes in fair value recognised through the income statement. Revalued gains and losses are recognised in other recognised gains and losses unless the losses exceed the previously recognised gains or effect a clear consumption of economic wealth, in which case excess losses are recognised in the income statement.

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

o) Investment income
Income from investments is included on an accruals basis.

p) 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.

q) 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.

r) 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 2019 (continued)

1 Principal accounting policies (continued)

r) 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.

s) 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 2019 (continued)

1 Principal accounting policies (continued)

t) 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.

	2019	2018
	£	£
(Loss)/surplus before taxation		
Trade association	**(436,624)**	(758,736)
Insurance company	**235,124**	287,346
	(201,500)	(471,390)

	2019	2018
	£	£
Net assets		
Trade association	**6,198,481**	6,361,447
Insurance company	**3,135,798**	3,210,123
	9,334,279	9,571,570
Investment in subsidiary	**(50,000)**	(50,000)
	9,284,279	9,521,570

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Other income / (expense)

Other income/(expenses) includes the £nil (2018: £211 loss) made in the year on the reinsurance of life insurance with BUPA and £506,275 (2018: £503,079) in respect of management charges to the Scottish Joint Industry Board.

4 Committee expenses and other direct costs

	2019	2018
	£	£
Conference, functions and meetings	**181,341**	172,531
Branch expenses	**36,190**	40,280
Marketing campaign and membership	**152,218**	172,698
Subscriptions	**15,621**	16,223
	385,370	401,732

5 Administrative expenses

Included in administrative expenses are the following items of expenditure:

	2019	2018
	£	£
Staff costs (see note 6)	**1,811,064**	1,873,219
Group audit fees of which the parent Association was £14,250 (2018: £9,750).	**26,000**	19,000
Group non audit fees of which the parent Association was £9,745 (2018: £10,095)		
- Tax compliance	**7,545**	7,265
- Other audit services	**1,650**	1,650
- Payroll services	**2,200**	2,200
Depreciation – owned assets	**92,288**	86,673
Operating lease rentals	**87,917**	74,852

£50,537 of stock (2018: £57,722) was recognised within cost of sales during the period.

Notes to the financial statements for the year ended 31 December 2019 (continued)

6 Employee information

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

	2019	2018
	Number	Number
Full-time equivalents	**41**	41

	2019	2018
	£	£
Staff costs		
Salaries	**1,390,630**	1,474,044
Social security costs	**134,630**	160,875
Pension and permanent health insurances	**285,804**	238,300
	1,811,064	1,873,219

The buy-out of defined benefit pension scheme was completed in July 2019. The final cost of the buy-out exceeded the provision at 31 December 2018 by £97,070. This cost has been included in Pension and permanent health insurances.

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 the buy-out transaction with AVIVA in July 2019 and the Association has no further legal and constructive obligation to pay further amounts in respect of the scheme.

An actuarial valuation of the Scheme using the projected unit basis was carried out at 31 July 2019 by JLT Actuarial Services, independent consulting actuaries. The major assumptions used by the actuary were:

	2019	2018
	%	%
Rate of increases in salaries	**n/a**	n/a
Rate of increase in pensions in payment	**3.6**	3.7
Rate of increase to deferred pensions	**2.5**	2.5
Discount Rate	**2.1**	2.8
Inflation assumption RPI	**3.1**	3.3
Inflation assumption CPI	**2.5**	2.5

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Pension scheme (continued)

For the 31 July 2019 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:

	2019	2018
	Years	years
Longevity at age 65 for current pensioners:		
- Men	**21.9**	22.1
- Women	**23.8**	24.0
Longevity at age 65 for future pensioners currently aged 45:		
- Men	**23.6**	23.8
- Women	**25.7**	25.8

Reconciliation of present value of scheme liabilities

	2019	2018
	£	£
1 January	**3,227,000**	3,352,000
Interest cost	**52,000**	83,000
Current service cost - Employers	**-**	-
- Members	**-**	-
Benefits paid	**(35,000)**	(52,000)
Charges paid	**-**	-
Liabilities extinguished on settlements	**(3,569,000)**	-
Gains due to benefit changes	**-**	-
Actuarial loss/(gain)	**325,000**	(156,000)
31 July 2019	**-**	3,227,000

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Pension scheme (continued)

Reconciliation of fair value of scheme assets

	2019	2018
	£	£
1 January	**3,227,000**	3,742,000
Expected return on scheme assets	**52,000**	105,000
Actuarial gain / (loss)	**325,000**	(1,501,000)
Benefits paid	**(35,000)**	(52,000)
Contributions - Employers	**-**	933,000
- Members	**-**	-
Assets distributed on settlements	**(3,569,000)**	-
31 July 2019	**-**	**3,227,000**

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 31 July 2019, the effective date of the buy-out.. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The scheme is closed to future accrual.

Notes to the financial statements for the year ended 31 December 2019 (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:	**2019**	2018
	£	£
Defined Benefit Obligation	**-**	(3,227,000)
Plan Assets	**-**	3,227,000
(Deficit)/Asset	**-**	-
Estimated remaining contribution to complete buy-out per Aviva	**-**	(161,560)
Total amount recognised in the consolidated statement of comprehensive income:	**-**	(1,095,530)

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 £129,176 (2018: £138,446).

There were no accrued contributions at the year-end (2018: £nil).

8 Property and investment income

	2019	2018
	£	£
Rental income	**108,161**	104,922
Other interest	**21,837**	25,415
	129,998	130,337

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Taxation

	2019	2018
	£	£
United Kingdom corporation tax charge based on the surplus for the year		
UK current tax @ 19.00% (2018: 19.00%)	-	139,957
Adjustment in respect of prior year	**(46,025)**	(4,728)
	(46,025)	135,229
Deferred tax:		
- Fixed asset timing differences	-	-
- Losses	-	-
- Origination & reverse of timing differences	**144,510**	(288,876)
- Effect of tax rate on opening balances	-	(33,700)
- Adjustment in respect of prior period	-	422
- Chargeable gains	-	-
	144,510	(322,154)
Tax on (loss)/surplus on ordinary activities	**98,485**	(186,925)

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK (19.00%).

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:

	2019	2018
	£	£
Factors affecting tax charge for the year:		
(Loss)/surplus on ordinary activities before tax	**(201,500)**	(465,830)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	**(38,285)**	(88,508)
Effects of:		
Losses carried back	**29,323**	-
Adjustments to tax charges in respect of previous periods	**(46,025)**	(4,306)
Fixed asset timing differences	**12,682**	10,595
Income not taxable for tax purposes	**(40,469)**	(2,148)
Other permanent differences	**5,519**	(287,665)
Deferred tax not recognised	**146,952**	-
Expenses not deductible	-	(166,349)
Chargeable gains	**28,500**	-
Adjust closing deferred tax to average rate of 19.00%	**2,225**	1,939
Adjust opening deferred tax to average rate of 19.00%	**(1,937)**	16,819
Total tax charge for the year	**98,485**	(186,925)

Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Fixed assets

Group and Association	Investment property	Plant and equipment	Freehold office premises	Total
	£	£	£	£
Association and group:				
Cost/valuation at 1 January 2019	875,000	666,765	2,694,549	4,236,314
Revaluation	150,000	-	-	150,000
Additions	-	127,886	-	127,886
Disposals	-	(27,070)	-	(27,070)
At 31 December 2019	**1,025,000**	**767,581**	**2,694,549**	**4,487,130**
Accumulated Depreciation at 1 January 2019	-	578,545	830,375	1,408,920
Charge for the year	-	43,538	48,750	92,288
Disposals	-	(27,070)	-	(27,070)
At 31 December 2019	**-**	**595,013**	**879,125**	**1,474,138**
Net book value				
At 31 December 2019	**1,025,000**	**172,568**	**1,815,424**	**3,012,992**
Net book value				
At 31 December 2018	875,000	88,220	1,864,174	2,827,394

The investment property is held at valuation and was valued by David Adamson & Partners in December 2019 on an open market basis.

Included in freehold office premises is land of £257,049 (2018: £257,049) which is not depreciated.

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Investments

	Group 2019	Group 2018	Association 2019	Association 2018
	£	£	£	£
Subsidiaries				
SECI Limited				
50,000 ordinary shares (2016) 50,000) of £1 each fully paid	-	-	**50,000**	50,000

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

	Group 2019	Group 2018	Association 2019	Association 2018
	£	£	£	£
Quoted investment				
Market value at 1 January	-	-	-	-
Acquisitions at cost	**2,000,000**	-	**2,000,000**	-
Disposals	-	-	-	-
Unrealised gain	**62,994**	-	**62,994**	-
Market Value at 31 December	**2,062,994**	-	**2,062,994**	-

12 Debtors

	Group 2019	Group 2018	Association 2019	Association 2018
	£	£	£	£
Trade debtors	**124,862**	73,823	**124,862**	73,823
Other debtors – on direct insurance operations	**71,612**	103,204	-	-
Other debtors	**81,098**	59,462	**50,659**	56,930
Amounts owed by group undertakings	-	-	**77,367**	74,319
Prepayments	**112,244**	72,539	**112,244**	72,539
	389,816	309,028	**365,132**	277,611

Notes to the financial statements for the year ended 31 December 2019 (continued)

13 Creditors: Amounts falling due within one year

	Group		Association	
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade creditors	**98,541**	107,206	**98,541**	107,206
Corporation tax	**-**	135,228	**-**	-
Other taxation and social security	**79,791**	98,096	**79,791**	98,096
Other creditors & accruals	**523,938**	518,859	**465,335**	450,878
	702,270	859,389	**643,667**	656,180

14 Provisions for liabilities and charges

	Group		Association	
	2019	2018	**2019**	2018
	£	£	**£**	£
Deferred taxation				
Excess of capital allowances over depreciation	**103,280**	77,603	**103,280**	77,603
Short term timing differences relating to pension	**(739)**	(90,701)	**(739)**	(90,701)
Chargeable gains	**25,500**	-	**25,500**	-
Losses	**-**	(3,371)	**-**	(3,371)
Deferred taxation liability	**128,041**	(16,469)	**128,041**	(16,469)
Balance as at 1 January	**(16,469)**	396,385	**(16,469)**	76,237
Deferred tax charge/(credit) in profit and loss account	**144,510**	(322,575)	**144,510**	(2,427)
Deferred tax credit to other comprehensive income	**-**	(90,701)	**-**	(90,701)
Adjustment in respect of prior periods	**-**	422	**-**	422
Balance as at 31 December	**128,041**	(16,469)	**128,041**	(16,469)

Notes to the financial statements for the year ended 31 December 2019 (continued)

15 General reserves

	Association	SECI Limited	Total
	£	£	£
Balance as at 1 January 2019	6,007,527	3,159,823	9,167,350
(Loss) for the year	(225,960)	(74,025)	(299,985)
Transfers from specific reserves	18,287	-	18,287
Other comprehensive income	62,994	-	62,994
Balance at 31 December 2019	**5,862,848**	**3,085,798**	**8,868,646**

16 Specific reserves

	Opening Balance At 1 January 2019	Transfer to General reserves	Closing Balance At 31 December 2019
	£	£	£
Capital Projects Reserve (a)	319,867	(10,297)	309,570
Guarantee Scheme Reserve (b)	34,053	(7,990)	26,063
Total	**353,920**	**(18,287)**	**335,633**

(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 £535,404 (2018: £522,079). Included in other debtors are amounts due to the Association of £50,440 (2018: £51,252) at the balance sheet date.

Included within other creditors and accruals of the Group are amounts of £12,878 (2018: £12,712 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 (2018: £52,959). The Association also rented training space from SECTT in the year costing £13,974 (2018: £13,501).

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 £350,188 (2018: £544,239).

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 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:

	2019	2018
	£	£
Not later than one year	**64,205**	66,040
After one year but not more than five years	**99,932**	40,522
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:

	2019	2018
	£	£
Not later than one year	**26,700**	68,013
After one year but not more than five years	**100,218**	28,600
More than 5 years	**-**	1,802

19 Financial instruments

	Group		**Association**	
	2019	2018	**2019**	2018
	£	£	**£**	£
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**6,944,929**	7,605,920	**3,822,588**	4,235,420
Financial liabilities				
Financial liabilities measured at amortised cost	**622,479**	626,065	**563,786**	557,784

Group financial assets that are debt instruments measured at amortised cost comprise quoted investments of £2,062,994 (2018: £nil), trade debtors of £124,862 (2018: £73,823), other debtors – on direct insurance operations of £71,612 (2018: £103,204), other debtors of £51,775 (2018: £59,462) and cash at bank of £4,633,686 (2018: £7,369,431).

Association financial assets that are debt instruments measured at amortised cost comprise subsidiary and quoted investments of £2,112,994 (2018: £50,000), trade debtors of £124,862 (2018: £73,823), amounts owed by group undertakings of £77,367 (2018: £74,319), other debtors of £51,020 (2018: £56,930) and cash at bank of £1,456,345 (2018: £3,980,348)

Group financial liabilities measured at amortised cost comprise trade creditors of £98,541 (2018: £107,206) and other creditors of £523,938 (2018: £518,859).

Association financial liabilities measured at amortised cost comprise trade creditors of £98,541 (2018: £107,206) and other creditors of £465,335 (2018: £450,578).

Notes to the financial statements for the year ended 31 December 2019 (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.

21 Post Balance Sheet Events

The Board have been monitoring the development of the impact of COVID 19 both directly on the Group and Association's business and indirectly through the development of government policy and advice. The main considerations are as follows.

Operational

The Board made the decision to implement aspects of the Association's business continuity plan (BCP), specifically requiring staff at all levels and in all functions to work remotely wherever practicable, and to limit the need for gatherings of staff so far as possible. Communications within the Association are now almost wholly via email or messaging applications. The Association's IT facilities are more than adequate to maintain operations on this basis for the foreseeable future. The Board are mindful of the differing pressures on individual members of staff, and also of the fact that these pressures change as the position nationally and local develops. The Board expects that operational changes will continue to be required as the position develops and will follow the relevant Government guidance in respect of physical distancing and returning to the office.

Notes to the financial statements for the year ended 31 December 2019 (continued)

Risks

The major risk to the Association is a drop in the income received from subscriptions and sales of products and services as the pandemic could result in a drop in the number of companies in Membership due to companies going out of business plus a drop in declared turnover both of which will see a reduction in income from subscriptions and the turnover levy which will affect the Association in 2021. Further to this due to restrictions on travel and social gatherings there is the potential that income from training courses will be greatly reduced. To try and reduce the effects of this we have introduced a range of on-line courses which are delivered by way of a virtual classroom and negates the need for participants to travel and gather in a classroom situation.

Due to the current uncertain economic climate the Board have decided to use some of the Associations reserves to help the Membership financially and to that effect have implemented a 30% reduction to this year's annual subscription, this cost of this will be approximately £370,000.

In an effort to reduce costs the decision was made to place a number of staff on furlough, to cancel this year's awards ceremony and toolbox talks and to carry out all meetings on an online facility to comply with social distancing requirements and to restrict the amount of travelling required.

Investments

The Association currently has an Investment Portfolio with Heartwood Investments part of the Handelsbanken Group, as this is held within a range of investment options it will be subject to the effects of any market volatility and the fluctuations in the market place have seen the value of the portfolio fall from the 31 December 2019 valuation of £2,062,994 to the current valuation – 8 June 2020 of £1,993,166 a drop of £69,828 in value, the Board however are viewing this as a long term investment and the expectation is that this will recover in the long term.