

# 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:

31 December 2021

List No:

022E (S)

Head or Main Office:

The Walled Garden

Bush Estate

Penicuik

MIDLOTHIAN

Postcode

EH26 0SB

Website address (if available)

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

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

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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('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 9220

E-mail:

[jenny.petrie@select.org.uk](mailto: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](mailto:returns@certoffice.org)

For Employers' Associations based in Scotland: [ymw@tcyoung.co.uk](mailto:ymw@tcyoung.co.uk)

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# 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
1,256				1,256

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

Name of Officer	Position held
D W Orr	President
A Grant	Vice President
K Griffin	Immediate Past President
D Crockett	Depute Vice President
S Anderson	Central Board member
E Rae	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
P Erasmuson	Central Board member
A Noble	Central Board member
C Neish	Central Board member
D Harris	Central Board member
K Berrie	Central Board member
D Calder	Central Board member
D W H Smith	Central Board member
I Young	Central Board member
C McGowan	Central Board member
P Smith	Central Board member
C Liddell	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			£	£
	<b>Income</b>			
1,134,165	From Members	Subscriptions, levies, etc	1,471,603	1,471,603
	Investment income	Interest and dividends (gross)		
1,131		Bank interest (gross)	95	95
		Other (specify)		
55,383		Unrealised gain on investment	110,921	110,921
500,000		Dividend received		
		investment income	84,435	84,435
		<b>Total Investment Income</b>	<b>195,451</b>	<b>195,451</b>
	Other Income	Rents received	114,345	114,345
93,519		Insurance commission		
231,818		Consultancy fees	275,618	275,618
		Publications/Seminars		
		Miscellaneous receipts (specify)		
75,494		Sundry	94,911	94,911
41,185		Sale of goods	57,030	57,030
886,094		Management fees	833,599	833,599
66,914		Furlough income		
		<b>Total of other income</b>		<b>1,375,503</b>
		<b>Total income</b>		<b>3,042,557</b>
		<b>Interfund Transfers IN</b>		
	<b>Expenditure</b>			
1,865,241	Administrative expenses	Remuneration and expenses of staff	1,813,475	1,813,475
286,362		Occupancy costs	298,570	298,570
33,319		Printing, Stationery, Post	24,685	24,685
31,963		Telephones	19,421	19,421
81,518		Legal and Professional fees	86,069	86,069
		Miscellaneous (specify)		
28,508		Publications	31,392	31,392
140,616		In-house costs	187,573	187,573
184,233		Admin expenses	166,586	166,586
		<b>Total of Admin expenses</b>		<b>2,627,771</b>
	Other Charges	Bank charges		
104,652		Depreciation	107,681	107,681
		Sums written off		
19,682		Affiliation fees	11,983	11,983
		Donations		
88,079		Conference and meeting fees	46,583	46,583
		Expenses		
		Miscellaneous (specify)		
105,770		Marketing costs	81,104	81,104
85,170		Course expenses	112,889	112,889
-16,460		Release of capital projects and	-11,537	-11,537
		Guarantee scheme		
		<b>Total of other charges</b>		<b>348,703</b>
	Taxation			
		<b>Total expenditure</b>		<b>2,976,474</b>
	<b>Interfund Transfers OUT</b>			
175,081		<b>Surplus/Deficit for year</b>		<b>66,083</b>
5,862,848		Amount of fund at beginning of year		6,037,939
6,037,939		Amount of fund at end of year		6,104,022

**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)		
	<b>Total income</b>		
	<b>Interfund Transfers IN</b>		
Expenditure	Administrative expenses	11,537	11,537
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
	<b>Interfund Transfers OUT</b>		
	Surplus (Deficit) for the year		-11,537
	Amount of fund at beginning of year		319,174
	Amount of fund at the end of year (as Balance Sheet)		307,637

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

(see notes 17 to 18)

Account 4		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
	<b>Total Income</b>		
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
	<b>Total Expenditure</b>		
	<b>Interfund Transfers OUT</b>		
		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:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
	<b>Total Income</b>		
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
	<b>Total Expenditure</b>		
	<b>Interfund Transfers OUT</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 [ 31 December 2021 ]**

(see notes 19 and 20)

Previous Year		£	£
3,021,768	<b>Fixed Assets</b> (as at Page 8)	3,013,879	3,013,879
	<b>Investments</b> (as per analysis on page 9)		
2,118,377	Quoted (Market value £ ) as at Page 9		2,275,668
50,000	Unquoted (Market value £ ) as at Page 9		50,000
	<b>Total Investments</b>	2,325,668	2,325,668
	<b>Other Assets</b>		
875,258	Sundry debtors	532,282	532,282
931,717	Cash at bank and in hand	1,113,981	1,113,981
18,019	Stocks of goods	14,765	14,765
	Others (specify)		
	<b>Total of other assets</b>	1,661,028	1,661,028
	<b>Total Assets</b>		7,000,575
6,037,939	Revenue Account/ General Fund	6,104,022	
319,174		307,637	
	Revaluation Reserve		
	<b>Liabilities</b>		
	Sundry creditors	588,916	
	<b>Total Liabilities</b>		588,916
	<b>Total Assets</b>		7,000,575

## Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
<b>Cost or Valuation</b>				
At start of period	3,719,549	572,929		4,292,478
Additions during period		99,791		99,791
Less: Disposals				
Less: Depreciation	-976,625	-401,765		-1,378,390
Total to end of period	2,742,924	270,955		3,013,879
<b>Book Amount</b> at end of period	2,742,924	270,955		3,013,879
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>Total of Fixed Assets</b>	2,742,924	270,955		3,013,879

# Analysis of Investments

(see note 22)

Quoted		Other Funds
	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 2021)	2,275,668
	<b>Total Quoted (as Balance Sheet)</b>	<b>2,275,668</b>
	Market Value of Quoted Investments	
<b>Unquoted</b>	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 Ltd	50,000
	<b>Total Unquoted (as Balance Sheet)</b>	<b>50,000</b>
	Market Value of Unquoted Investments	

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



## Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
		£
<b>Income</b>		
From Members	1,471,603	1,471,603
From Investments	195,451	195,451
Other Income (including increases by revaluation of assets)	1,375,503	1,375,503
<b>Total Income</b>	<b>3,042,557</b>	<b>3,042,557</b>
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	<b>2,988,011</b>	<b>2,988,011</b>
<b>Funds at beginning of year</b> (including reserves)	6,357,113	6,357,113
<b>Funds at end of year</b> (including reserves)	6,411,659	6,411,659
<b>ASSETS</b>		
Fixed Assets		3,013,879
Investment Assets		2,325,668
Other Assets		1,661,028
<b>Total Assets</b>		<b>7,000,575</b>
<b>Liabilities</b>		
<b>Total Liabilities</b>		<b>588,916</b>
<b>Net Assets (Total Assets less Total Liabilities)</b>		<b>6,411,659</b>

## Summary Sheet

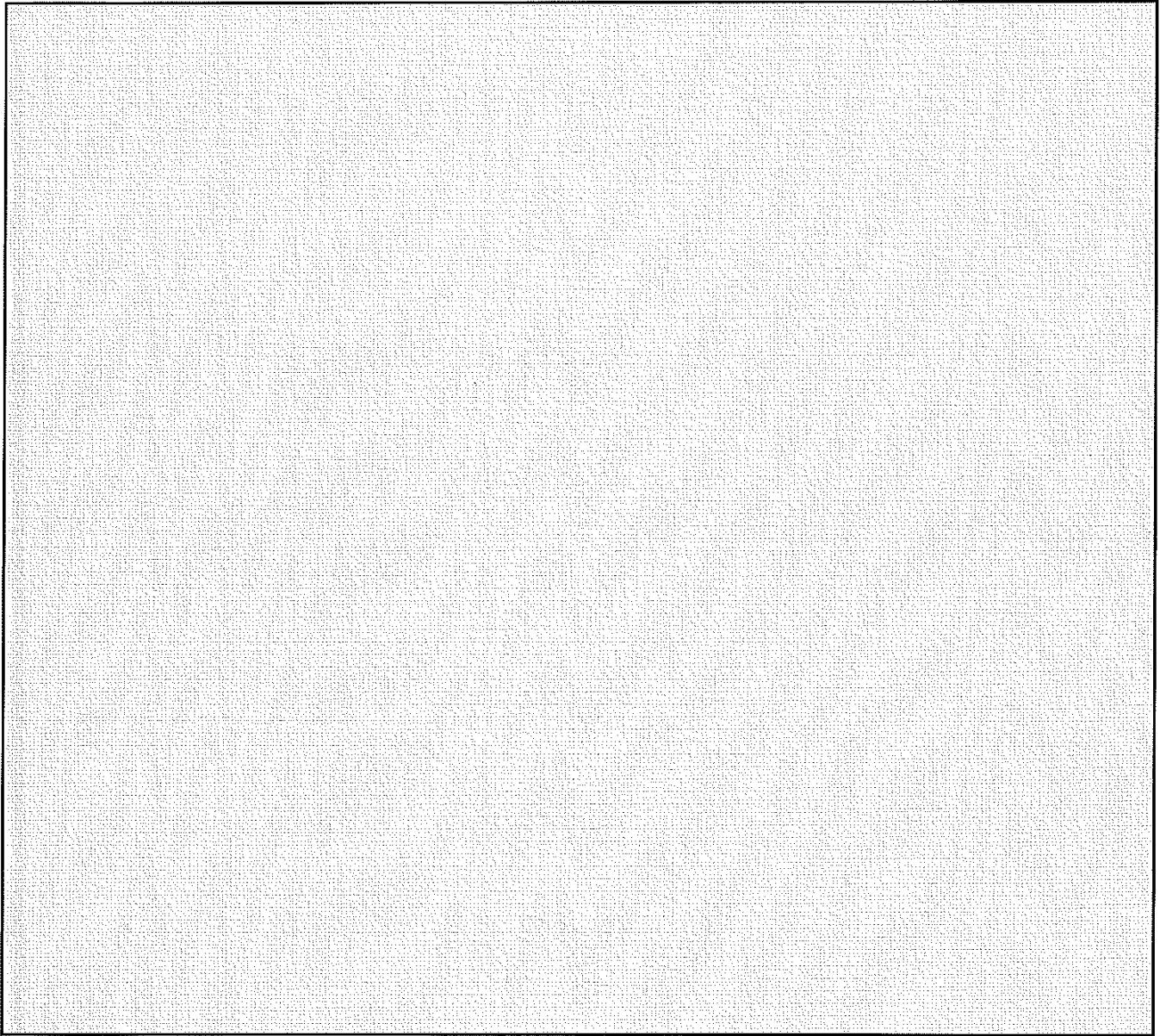
(see notes 24 to 33)

		All Funds	Total Funds
		£	£
<b>Income</b>			
	From Members		
	From Investments		
	Other Income (including increases by revaluation of assets)		
	<b>Total Income</b>		
<b>Expenditure</b> (including decreases by revaluation of assets)			
	<b>Total Expenditure</b>		
	<b>Funds at beginning of year</b> (including reserves)		
	<b>Funds at end of year</b> (including reserves)		
<b>ASSETS</b>			
	Fixed Assets		
	Investment Assets		
	Other Assets		
	<b>Total Assets</b>		
<b>Liabilities</b>			
	<b>Total Liabilities</b>		
<b>Net Assets (Total Assets less Total Liabilities)</b>			

**Notes to the accounts**

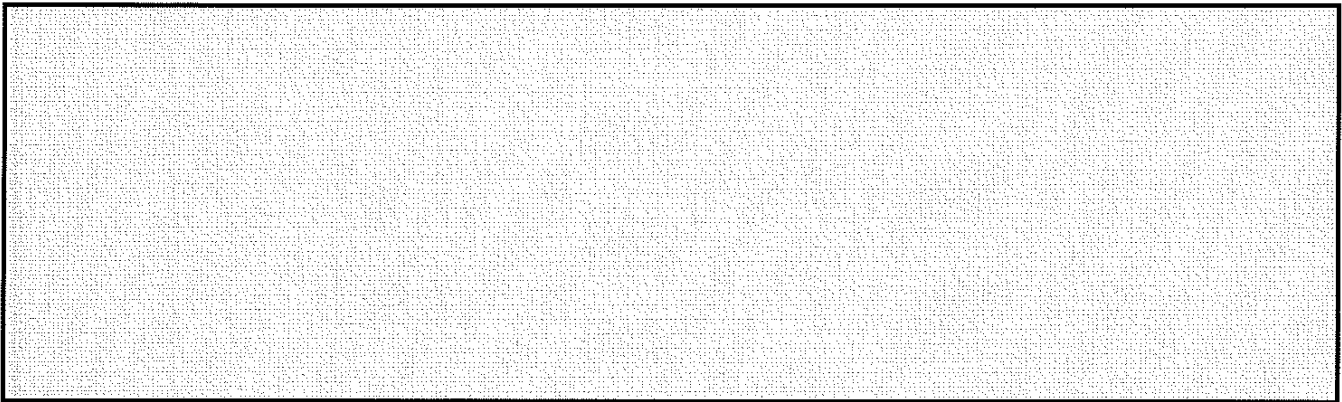
(see note 34)

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



## Accounting policies

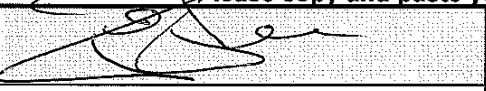
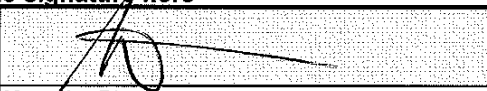
(see notes 35 & 36)



## 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: 
Name: John McGhee	Name: Alan Wilson
Date: 11/5/2022	Date: 11/05/2022

## Checklist

(see note 39)

(please enter 'X' as appropriate)

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

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

## Auditor's report (continued)

Signature(s) of auditor or auditors:		
Name(s):	Martin Gill	
Profession(s) or Calling(s):	ACA - Institute of Chartered Accountants in England and Wales	
Address(es)	BDO Citypoint 65 Hanymarket Terrace EDEINBURGH EH12 5HD	
Date:	11 May 2022	
Contact name for enquiries and telephone number:	Martin Gill / 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 2021

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

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## **Report of the Central Board for the year ended 31 December 2021**

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

#### **Operational**

In March 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. As Government restrictions have eased so has the requirement to work remotely on a full-time basis and a hybrid arrangement of working has been introduced for the office-based staff. Communications within the Association area still mainly delivered via email or messaging applications and the Association's IT facilities have proven to be more than adequate to continue in the vein. With easing of restrictions face to face training has been re-introduced and the class sizes increased over time to pre-pandemic levels.

Events and meetings were again held online during 2021 but this will be re-introduced during 2022 as restrictions are eased.

#### **Market**

The major risk to the Association is a drop in the income received from subscriptions, however collection of subscription income is in line with pre-pandemic years and Membership numbers are higher than pre-pandemic levels. During 2020 the decision was made to introduce online training courses for the majority of our training courses, these have proven to extremely popular and have

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

helped safeguard income from the training delivery, as restrictions have eased both on-line and classroom courses are being delivered and this will continue into the future.

### **Finance**

The Group does not run any overdrafts, nor does it have any outstanding bank loans in place, and as at the Balance Sheet date it had cash reserves of £3,868,593 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 marketplace have seen the value of the portfolio increase from the 31 December 2020 valuation of £2,118,377 to the current valuation on 31 December 2021 of £2,275,668 an increase of £157,291 in value. There are no outstanding pension liabilities.

The Board have prepared budgets and projections through to May 2023 which have factored in how the change in restrictions and a return to more normal operations will have on the Association. Stress testing have also been performed on these budgets and projections. The Board are also of the opinion due to all operations being solely in Scotland the current crisis in the Ukraine will have no impact on the workings of the Association.

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**



D W Orr  
**President**  
**10 May 2022**

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

### **Opinion on the financial statements**

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 2021 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.

We have audited the financial statements of SELECT (the 'Association') for the year ended 31 December 2021 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").

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Central Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Central Board with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Central Board 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,

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

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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**

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

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

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 annual report.

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

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

### **Responsibilities of Central Board**

As explained more fully in the Central Board's responsibilities statement, 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 Central Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Central Board are responsible for assessing the Group and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Central Board either intend to liquidate the Group or Association, or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



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

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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud and tested accordingly;
- reading minutes of management meetings and of those charged with governance and reviewing correspondence with regulatory bodies, such as HMRC, and reviewing documentation for indications of non-compliance with laws and regulations.
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and Financial Reporting Standard 103 Insurance Contracts and whether there are instances of potential bias in areas with significant degrees of judgement;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- carrying tests of management control in certain areas or functions, such as the authorisation of business expenditure;
- vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 December 2021; and
- carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

**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.

DocuSigned by:  
**BDO LLP**  
B6F16A8EF9FD4ED...

Martin Gill  
BDO LLP, statutory auditor  
Edinburgh  
United Kingdom  
Date: 10 May 2022

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 2021

	Note	2021	2020
		£	£
Income from membership:			
Subscriptions and application fees		428,648	318,839
Turnover levy		875,476	595,067
Training and development levies		167,479	220,259
		<u>1,471,603</u>	<u>1,134,165</u>
Sales of products and services		422,558	343,480
Cost of sales		<u>(185,962)</u>	<u>(167,334)</u>
		236,596	176,146
Transfer from insurance general business technical account (page 9)		534,797	640,264
Other income / (expense)	3	463,105	561,000
Committee expenses and other direct costs	4	(135,274)	(204,095)
Administrative expenses	5	(2,873,004)	(2,878,890)
Gain on investment property		-	-
<b>Operating (Loss) / Surplus</b>		<u>(302,177)</u>	<u>(571,410)</u>
Property and investment income	7	200,009	102,530
<b>Loss for year before taxation</b>		<u>(102,168)</u>	<u>(468,880)</u>
Taxation (charge) / credit	8	22,094	117,417
<b>Loss for year after taxation</b>		<u>(80,074)</u>	<u>(351,463)</u>

Results are attributable to continuing operations.

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

## Consolidated statement of other comprehensive income for the year ended 31 December 2021

	Note	2021 £	2020 £
<b>Other comprehensive income</b>			
<b>(Loss)/Surplus for the year</b>		<b>(80,074)</b>	<b>(351,463)</b>
Net gain on Investment	10	<b>110,921</b>	55,383
<b>Total comprehensive surplus / (loss) for the year</b>		<b>30,847</b>	<b>(296,080)</b>

**Insurance general business technical account  
for the year ended 31 December 2021**

	2021	2020
	£	£
<b>Earned premiums</b>		
Gross premium written		
Sickness and accident benefit scheme	774,831	823,598
<b>Claims incurred</b>		
Gross claims paid		
Sickness and accident benefit scheme	(237,331)	(187,230)
Change in the provision for claims	(2,703)	3,896
<b>Net claims incurred</b>	<b>(240,034)</b>	<b>(183,334)</b>
Transfer to the consolidated income statement (page 7)	<b>534,797</b>	640,264

## Consolidated balance sheet as at 31 December 2021

		2021		2020	
	Note	£	£	£	£
<b>Fixed Assets</b>	9		3,013,879		3,021,768
<b>Investments</b>	10		2,275,668		2,118,377
<b>Current Assets</b>					
Stocks		14,765		18,019	
Debtors	11	493,037		763,786	
Deferred taxation	13	11,448			
Cash at bank and in hand		3,868,593		3,840,853	
			4,387,843		4,622,658
<b>Creditors: Amounts falling due within one year</b>	12	(651,911)		(770,874)	
<b>Net current assets</b>			3,735,932		3,851,784
<b>Total assets less current liabilities</b>			9,025,479		8,991,929
<b>Technical provisions and provisions for liabilities and charges</b>					
Provisions for outstanding claims			(6,433)		(3,730)
Deferred tax	13		-		-
<b>Net assets</b>			9,019,046		8,988,199
<b>Reserves</b>					
<b>General reserve:</b>					
Balance as at 1 January			8,669,025		8,948,646
(Loss) for the year after taxation			(80,074)		(351,463)
Transfer from specific reserves			11,537		16,459
Other recognised gains and losses	10		110,921		55,383
<b>Balance as at 31 December</b>	14		8,711,409		8,669,025
<b>Specific reserves</b>	15		307,637		319,174
			9,019,046		8,988,199

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

## **Consolidated balance sheet as at 31 December 2021 (continued)**

The financial statements on pages 5 to 34 were approved by the Central Board and are signed on their behalf by:



**President**

D W Orr



**Managing Director**

A Wilson

**10 May 2022**

## Association's balance sheet as at 31 December 2021

	Note	2021		2020	
		£	£	£	£
<b>Fixed assets</b>	9		<b>3,013,879</b>		3,021,768
<b>Investments</b>	10		<b>2,325,668</b>		2,168,377
<b>Current assets</b>					
Stocks		<b>14,765</b>		18,019	
Debtors	11	<b>532,282</b>		875,258	
Cash at bank and in hand		<b>1,113,981</b>		931,717	
			<b>1,661,028</b>		1,824,994
<b>Creditors: Amounts falling due within one year</b>	12	<b>(588,916)</b>		(658,027)	
<b>Net current assets</b>			<b>1,072,112</b>		1,166,967
<b>Total assets less current liabilities</b>			<b>6,411,659</b>		6,357,112
<b>Provisions for liabilities and charges</b>					
Deferred tax	13		-		-
<b>Net assets</b>			<b>6,411,659</b>		6,357,112
<b>Reserves</b>					
<b>General reserve:</b>					
Balance as at 1 January			<b>6,037,938</b>		5,862,848
(Deficit)/surplus for the year after taxation			<b>(56,374)</b>		103,248
Transfer from specific reserves			<b>11,537</b>		16,459
Other comprehensive income	10		<b>110,921</b>		55,383
Balance as at 31 December	14		<b>6,104,022</b>		6,037,938
<b>Specific reserves</b>	15		<b>307,637</b>		319,174
			<b>6,411,659</b>		6,357,112



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

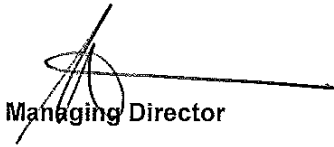
## Association's balance sheet as at 31 December 2021 (continued)

The financial statements on pages 7 to 36 were approved by the Central Board and are signed on their behalf by:



**President**

D W Orr



**Managing Director**

A Wilson

**10 May 2022**

## Consolidated and Association's statements of changes in equity for the year ended 31 December 2021

Group	Notes	Specific reserves			Total
		General reserves	Capital projects	Guarantee	
			reserve(a)	scheme	
£	£	£	£		
Balance as at 1 January 2020		8,948,646	309,569	26,064	9,284,279
Deficit for the year		(335,004)	(10,297)	(6,162)	(351,463)
Other comprehensive income for the year		55,383	-	-	55,383
Total comprehensive income for the year		(279,621)	(10,297)	(6,162)	(296,080)
Balance as at 31 December 2020	14, 15	8,669,025	299,272	19,902	8,988,199
Deficit for the year		(68,537)	(10,297)	(1,240)	(80,074)
Other comprehensive income for the year		110,921	-	-	110,921
Total comprehensive income for the year		42,384	(10,297)	(1,240)	30,847
<b>Balance as at 31 December 2021</b>	<b>14, 15</b>	<b>8,711,509</b>	<b>288,975</b>	<b>18,662</b>	<b>9,019,046</b>

Association	Notes	Specific reserves			Total
		General reserves	Capital projects	Guarantee	
			reserve	scheme	
£	£	£	£		
Balance as at 1 January 2020		5,862,848	309,569	26,064	6,361,447
Profit /(Deficit) for the year		119,707	(10,297)	(6,162)	103,248
Other comprehensive income for the year		55,383	-	-	55,383
Total comprehensive income for the year		175,090	(10,297)	(6,162)	158,631
Balance as at 31 December 2020	14, 15	6,037,938	299,272	19,902	6,357,112
Deficit for the year		(44,837)	(10,297)	(1,240)	(56,374)
Other comprehensive income for the year		110,921	-	-	110,921
Total comprehensive income for the year		66,804	(10,297)	(1,240)	54,547
<b>Balance as at 31 December 2021</b>	<b>14, 15</b>	<b>6,104,022</b>	<b>288,975</b>	<b>18,662</b>	<b>6,411,659</b>

## Consolidated cash flow statement for the year ended 31 December 2021

	2021	2020
	£	£
<b>Cash flows from operating activities:</b>		
Loss for the financial year	(80,074)	(351,463)
<b>Adjustments for:</b>		
Depreciation	107,681	104,646
Interest receivable	(85,665)	(9,010)
Investment fees settled from investment income	38,065	-
Pension contributions	-	-
Taxation charge/(credit)	(22,094)	(117,417)
Decrease / (increase) in stock	3,254	4,709
Decrease / (increase) in trade and other debtors	270,748	(373,970)
(Decrease) / increase in trade and other creditors	(108,317)	57,979
Increase /(decrease) in outstanding claims	2,703	(3,896)
Taxation (paid)	-	-
<b>Net cash flow from operating activities</b>	<b>126,031</b>	<b>(688,422)</b>
<b>Cash flows from investing activities:</b>		
Interest received	1,230	9,010
Payments to acquire tangible fixed assets	(99,791)	(113,421)
Purchase of Investments	-	-
<b>Net cash from investing activities</b>	<b>(98,561)</b>	<b>(104,411)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>27,740</b>	<b>(792,833)</b>
Cash and cash equivalents at beginning of year	3,840,853	4,633,686
<b>Cash and cash equivalents at end of year</b>	<b>3,868,593</b>	<b>3,840,853</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand	3,868,593	3,840,853
Bank deposits	-	-
<b>Cash and cash equivalents</b>	<b>3,868,593</b>	<b>3,840,853</b>

## **Notes to the financial statements for the year ended 31 December 2021**

### **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 2021**

### **c) Going concern**

The major risk to the Association is a drop in the income received from subscriptions and sales of products and services due a drop in the number of companies in Membership both of which will affect the Association in 2021. However Membership numbers have held up during the past year with Member numbers currently sitting at 1246. Further to this due to restrictions on travel and social gatherings 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. In an effort to reduce costs the decision was made 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 £3,868,593 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 increase from the 31 December 2020 valuation of £2,118,377 to the current valuation on 31 December of £2,275,668 an increase of £157,291 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 2022 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 2021

### f) Subscriptions and turnover levy

Subscriptions and turnover levy are recognised in the year when they fall due and only when payment is received, due to the COVID pandemic the Board took the decision to refund 30% of their subscriptions and Turnover Levy to the Members in the year 2020.

### 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.

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

## **Notes to the financial statements for the year ended 31 December 2021**

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

## Notes to the financial statements for the year ended 31 December 2021 (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 2021 (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 2021 (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 2021 (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 2021 (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 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.

	2021	2020
	£	£
<b>(Loss)/surplus before taxation</b>		
Trade association	(56,374)	(24,796)
Insurance company	(45,794)	(444,084)
	<u>(102,168)</u>	<u>(468,880)</u>
	2021	2020
	£	£
<b>Net assets</b>		
Trade association	6,411,659	6,357,112
Insurance company	2,657,387	2,681,087
	<u>9,069,046</u>	<u>9,038,199</u>
Investment in subsidiary	(50,000)	(50,000)
	<u>9,019,046</u>	<u>8,988,199</u>

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 3 Other income / (expense)

Other income/(expenses) includes the £463,105 (2020: £494,086) in respect of management charges to the Scottish Joint Industry Board

### 4 Committee expenses and other direct costs

	2021	2020
	£	£
Conference, functions and meetings	46,409	130,636
Branch expenses	-	2,509
Marketing campaign and membership	78,191	59,317
Subscriptions	10,674	11,633
	<u>135,274</u>	<u>204,095</u>

### 5 Administrative expenses

Included in administrative expenses are the following items of expenditure:

	2021	2020
	£	£
Staff costs (see note 6)	1,819,476	1,876,240
Group audit fees of which the parent Association was £15,600 (2020: £15,000).	28,200	27,250
Group non audit fees of which the parent Association was £10,610 (2020: £10,145)		
- Tax compliance	8,340	7,925
- Other audit services	1,800	1,750
- Payroll services	2,270	2,220
Depreciation – owned assets	107,680	104,652
Operating lease rentals	99,991	98,838

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 6 Employee information

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

	2021	2020
	Number	Number
Full-time equivalents	42	43

	2021	2020
	£	£
<b>Staff costs</b>		
Salaries	1,437,801	1,510,649
Social security costs	148,471	142,921
Pension and permanent health insurances	233,204	222,670
	<u>1,819,476</u>	<u>1,876,240</u>

### 7 Property and investment income

	2021	2020
	£	£
Rental income	114,344	93,520
Investment income	84,435	-
Other interest	1,230	9,010
	<u>200,009</u>	<u>102,530</u>

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Taxation

	2021	2020
	£	£
United Kingdom corporation tax charge based on the surplus for the year		
UK current tax @ 19.00% (2019: 19.00%)	-	10,624
Adjustment in respect of prior year	<b>(10,646)</b>	-
	<b>(10,646)</b>	10,624
Deferred tax:		
- Fixed asset timing differences	-	-
- Losses	-	-
- Origination & reverse of timing differences	<b>(11,448)</b>	(128,041)
- Effect of tax rate on opening balances	-	-
- Adjustment in respect of prior period	-	-
- Chargeable gains	-	-
	<b>(22,094)</b>	128,041
Tax on (loss)/surplus on ordinary activities	<b>(22,094)</b>	(117,417)

The tax assessed for the year is lower (2020: 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:

	2021	2020
	£	£
<b>Factors affecting tax charge for the year:</b>		
(Loss)/surplus on ordinary activities before tax	<b>(102,168)</b>	(31,119)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	<b>(19,412)</b>	5,913
Effects of:		
Losses carried back	-	-
Adjustments to tax charges in respect of previous periods	<b>(10,646)</b>	(57)
Fixed asset timing differences	<b>9,263</b>	14,559
Income not taxable for tax purposes	<b>(1,956)</b>	-
Other permanent differences	-	-
Other permanent differences -Exempt ABGH distributions	<b>(16,043)</b>	(95,000)
Deferred tax not recognised	<b>52,285</b>	(40,600)
Expenses not deductible	<b>2,685</b>	-
Chargeable gains	-	-
Adjust closing deferred tax to average rate of 19.00%	-	-
Adjust opening deferred tax to average rate of 19.00%	<b>(38,270)</b>	(2,232)
Total tax charge for the year	<b>(22,094)</b>	(117,417)

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 9 Fixed assets

Group and Association	Investment property £	Plant and equipment £	Freehold office premises £	Total £
<b>Association and group:</b>				
Cost/valuation at 1 January 2021	1,025,000	572,929	2,694,549	4,292,478
Additions	-	99,791	-	99,791
Disposals	-	-	-	-
<b>At 31 December 2021</b>	<b>1,025,000</b>	<b>672,720</b>	<b>2,694,549</b>	<b>4,392,269</b>
Accumulated Depreciation at 1 January 2021	-	342,835	927,875	1,270,710
Charge for the year	-	58,930	48,750	107,680
Disposals	-	-	-	-
<b>At 31 December 2021</b>	<b>-</b>	<b>401,765</b>	<b>976,625</b>	<b>1,378,390</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>1,025,000</b>	<b>270,955</b>	<b>1,717,924</b>	<b>3,013,879</b>
Net book value				
At 31 December 2020	1,025,000	230,094	1,766,674	3,021,768

The investment property is held at valuation and was valued by David Adamson & Partners in December 2019 on an open market basis. The Central Board consulted Graham Sibbald in May 2021 and confirmed no material change in the valuation.

Included in freehold office premises is land of £257,049 (2020: £257,049) which is not depreciated.



## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 10 Investments

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
<b>Subsidiaries</b>				
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		Association	
	2021	2020	2021	2020
	£	£	£	£
<b>Quoted investment</b>				
Market value at 1 January	2,118,377	2,062,994	2,118,377	2,062,994
Investment income reinvested in fund	84,435	-	84,435	-
Investment manager costs withdrawn from fund	(38,065)	-	(38,065)	-
Unrealised gain	110,921	55,383	110,921	55,383
Market Value at 31 December	<u>2,275,668</u>	<u>2,118,377</u>	<u>2,275,668</u>	<u>2,118,377</u>

### 11 Debtors

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	37,012	79,858	37,012	79,858
Other debtors – on direct insurance operations	105,185	100,294	-	-
Other debtors	312,678	536,212	312,678	485,553
Amounts owed by group undertakings	-	-	144,440	262,425
Prepayments	38,162	47,422	38,162	47,422
	<u>493,037</u>	<u>763,786</u>	<u>532,292</u>	<u>875,258</u>

## Notes to the financial statements for the year ended 31 December 2021 (continued)

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

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	28,731	37,798	28,731	37,798
Corporation tax	-	10,624	-	-
Other taxation and social security	118,289	253,694	118,289	253,694
Other creditors & accruals	504,891	468,757	441,896	366,535
	<b>651,911</b>	<b>770,873</b>	<b>588,916</b>	<b>658,027</b>

### 13 Deferred taxation

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
<b>Deferred taxation</b>				
Excess of capital allowances over depreciation	192,734	134,691	192,734	134,691
Short term timing differences relating to pension	-	(826)	-	(826)
Chargeable gains	37,500	28,500	37,500	28,500
Losses	(241,682)	(162,365)	(230,234)	(162,365)
<b>Deferred taxation asset</b>	<b>(11,448)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance as at 1 January	-	-	-	-
Deferred tax charge/(credit) in profit and loss account	(11,448)	-	-	-
Deferred tax credit to other comprehensive income	-	-	-	-
Adjustment in respect of prior periods	-	-	-	-
<b>Balance as at 31 December</b>	<b>(11,448)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 14 General reserves

	Association £	SECI Limited £	Total £
Balance as at 1 January 2021	6,037,938	2,631,087	8,669,025
Profit/(Loss) for the year	(56,374)	(23,700)	(80,074)
Transfers from specific reserves	11,537	-	11,537
Other comprehensive income	110,921	-	110,921
<b>Balance at 31 December 2021</b>	<b>6,104,022</b>	<b>2,607,387</b>	<b>8,711,409</b>

### 15 Specific reserves

	Opening Balance At 1 January 2021 £	Transfer to General reserves £	Closing Balance At 31 December 2021 £
Capital Projects Reserve (a)	299,272	(10,297)	288,975
Guarantee Scheme Reserve (b)	19,902	(1,240)	18,662
<b>Total</b>	<b>319,174</b>	<b>(11,537)</b>	<b>307,637</b>

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

### 16 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 £463,105 (2020: £516,585). Included in other debtors are amounts due to the Association of £310,485 (2020: £452,972) at the balance sheet date.

Included within other creditors and accruals of the Group are amounts of £21,006 (2020: £51,209 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 (2020: £39,719). The Association did not rent training space from SECTT in 2021 (2020: £2,502).

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 £374,702 (2020: £372,670).

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 17 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:

	2021	2020
	£	£
Not later than one year	93,912	102,355
After one year but not more than five years	61,788	106,715
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:

	2021	2020
	£	£
Not later than one year	94,672	107,167
After one year but not more than five years	246,177	262,352
More than 5 years	4,949	-

### 18 Financial instruments

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
<b>Financial assets</b>				
Financial assets that are debt instruments measured at fair value	2,225,668	2,118,377	2,225,668	2,118,377

Group and association financial assets that are debt instruments measured at fair value comprise of quoted investments of £2,225,668 (2020: £2,118,377).

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **19 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 £148,000 per the PRA return.