The Educational Institute of Scotland

Trade Union and Labour Relations (Consolidation) Act 1992

Statement to members issued in connection with the union's Annual Return for the period ended 31 August 2024. As required by Section 32A of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. Income and Expenditure

The total income for the period was £16,843,871. This amount included payments of £8,969,826 in respect of membership income of the union. The Union's total expenditure for the period was £11,378,366.

Note- Included in income are increases in net pension assets of £1,476,000 and increases in the valuation of investments, net of deferred taxation totaling £5,146,927.

2. Political Fund

In respect of the union's Political Fund, its total income was £224,300 and total expenditure was £26,330.

Note- Included in income are increases in the valuation of investments totaling £173,220 and a related deferred tax charge of £75,327.

3. Salary paid to and other benefits provided to the General Secretary

The General Secretary of the union was paid £121,970 in respect of salary and £34,808 in respect of benefits.

4. Irregularity Statement

A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

Every member of the Union has a right to be exempt from contributing to the union's Political Fund, or, for those members joining on or after 1 March 2018, the right to withdraw their opt-in to the Political fund

[**Note**: The above wording is reproduced as required by the Trade Union Reform and Employment Rights Act 1993. The Institute, however, being established by Royal Charter, has the legal power to hold property and other assets in the corporate name "The Educational Institute of Scotland" and any reference to trustees in the text should therefore be disregarded.]

5. Auditors' Report

The following report by the Institute's Auditors, BDO LLP, Haymarket Terrace, Edinburgh was included in the Annual Return to the Certification Officer:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDUCATIONAL INSTITUTE OF SCOTLAND

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Union's affairs as at 31 August 2024 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

We have audited the financial statements of the Educational Institute of Scotland ("the Union") for the year ended 31 August 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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).

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 Union 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 Executive Committee'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 Union'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 Executive Committee's with respect to going concern are described in the relevant sections of this report.

Other information

The Executive Committee is responsible for the other information. The other information comprises the information included in the accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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

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

- proper accounting records have not been kept in accordance with the requirements of the Act; or
- the Union has not maintained a satisfactory system of controls over its transactions; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Executive Committee

As explained more fully in the Statement of Executive Committee's Responsibilities, the Executive Committee is 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 Executive Committee determines 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 Executive Committee is responsible for assessing the Union'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 Executive Committee either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Union and the sector in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Union's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be Trade Union and Labour Relations (Consolidation) Act 1992.

The Union is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Equality Act 2010, Trade Union and Labour Relations (Consolidation) Act 1992, HMRC VAT and employment tax laws.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiring of Executive Members, and where appropriate, management as to whether:
    - the Institute is in compliance with laws and regulations that have a material effect on the financial statements;
    - they have any knowledge of any actual, suspected or alleged fraud;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with applicable laws and regulations and whether

there are instances of potential bias in areas with significant degrees of judgement such as revenue recognition;
- vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 August 2024; 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, existence and accuracy of the reported financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be income and accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias, including the assumptions related to the defined benefit pension obligation which was tested through agreed of inputs to supporting documentation and consultation of an auditor's expert.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the members of the Educational Institute of Scotland, as a body, in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Union 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 Union as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP, Statutory Auditor
Edinburgh, UK
3 February 2025

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