

THE ELECTRICAL CONTRACTORS' ASSOCIATION
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2016

The Electrical Contractors' Association

Strategic Report Of The Council

For The Year Ended 31st December 2016

The Council presents their strategic report for the year ended 31st December 2016.

PRINCIPAL ACTIVITIES

The Association is a Trade Association which deals with technical, legal, contractual, education and training, and labour relations matters in the electrical contracting industry, maintaining contact with the electricity supply authorities and supplying members with statistical and other information. In addition the Association, through its group companies, provides various commercial and insurance services.

KEY PERFORMANCE INDICATORS

The Group's main source of income derives from subscriptions, insurance services and investments. The Association uses a range of key performance indicators to measure its performance:

- **Membership numbers**
Membership fell from 2,749 to 2,695 in 2016.
- **Investments**
Investments are held to provide a dividend return and capital growth to help fund the Group's activities. The investments are held in a combination of cash and liquid unit trusts where the underlying assets are a mixture of investment-grade bonds.
- **Insurance Company Capital and Financial Rating**
ECIC seeks to maintain a high financial rating, as issued by a recognised rating agency. This is A – (secure) which was first awarded by AM Best in July 2010 and retained in 2016.

DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

The operating surplus before movements on capital of investments was £0.5m compared to a deficit of £0.4m in 2015. The improvement in performance reflected a reduction in the operating deficit of ECA Limited by £0.5m, a £0.2m better underwriting performance from EC Insurance Company and an increased share of profits in Certsure which were £0.1m higher than in 2015.

The insurance division, during 2016, continued its strategy of focusing on controlled growth within its core markets. This focused approach linked to targeted marketing and underwriting enabled the business to further develop its operations. Retention rates were strong, particularly for members of the association.

The insurance business remains committed to its mission of developing a strong niche position within the specialist contracting market which will be achieved by building on its "Affinity Franchise" and a rigorous focus on underwriting discipline and control. Its business has a strong portfolio, which it is broadening into aligned contracting trades.

The Electrical Contractors' Association

Strategic Report Of The Council (continued)

For The Year Ended 31st December 2016

FINANCIAL POSITION AT THE REPORTING DATE

The Association's net assets have increased by £0.5m to £50.9m, reflecting the improved operating performance, reduced by an increase in the pension scheme deficit of £0.7m, The Association had cash at bank of £16.6m. The Association does not have an overdraft facility but there is a facility to aggregate and offset balances in ECA Limited with that of EC Insurance Holdings Limited.

PRINCIPAL RISKS FACING THE BUSINESS

As a membership organisation the support of members is crucial in continuing to be a body representative of its sector in the market place. Any reduction in this support is seen as a principal risk facing the Association.

Council, mindful of the considerable impact that the Lloyd's venture has had on Association's reserves, has implemented change to the business model of the Association, so that the provision of its core member services and benefits become less reliant on future returns from commercial investments and any drawdown from reserves. The journey continues and those targets are on course to be met without any reduction in members' services.


ECIC has continued to address key aspects of governance, risk management and reporting, with the business implementing further changes to its governance structures and internal risk management processes during the year. The discipline and rigour of working to achieve compliance with Solvency II has been good for the business and its systems and processes have improved significantly as it aligns itself to the Solvency II regime and the expectations of rating agencies. AM Best re-affirmed ECIC's A- (secure) financial strength in 2016.

As regards insurance, the main risks, which are evaluated and managed on an ongoing basis, are:

- Financial rating - maintaining the A- (secure) rating
- Underwriting performance - premium rating, lapse ratios and new business premiums are tracked on a monthly basis and on an optimised study basis. Current premium rating, as related to historic claims records, inflation and insurance market trends, is fully analysed within the stochastic modelling to ensure adequate pricing

The pension scheme deficit as detailed in note 20 is an ongoing issue. The Trustees have developed an investment strategy which will be more reactive to market conditions and over time will be more aligned to the scheme's liabilities.

ECA Court
24-26 South
Park
Sevenoaks
Kent
TN13 1DU
29 June 2017


By Order of the Council
M J BURNLEY
Secretary

The Electrical Contractors' Association

Report Of The Council

For The Year Ended 31st December 2016

The Council presents their report and financial statements for the year ended 31st December 2016.

FINANCIAL INSTRUMENTS

The Association's principal financial instruments comprise bank balances, investments, other debtors, and other creditors. The main purpose of these instruments is to finance the Association's operations. The Association manages its cash requirements to maximise interest income and minimise bank charges whilst ensuring that it has sufficient liquid resources to meet the operating needs of its business.

FUTURE DEVELOPMENTS

Council consider that the forthcoming year will be another challenging year in terms of retention and growth in membership. The pace and durability of economic recovery is uncertain but the contracting and building services sector, where our members operate, does appear to be picking up although they are normally the last to feel the benefits of economic upturn.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

During the year the Electrical Contractors' Association Limited, EC Insurance Holdings Limited, the EC Insurance Company Limited and the EC Insurance Services Limited maintained liability insurance for their Directors and Officers.

GOING CONCERN

Council has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing financial statements.

DISCLOSURE IN THE COUNCIL REPORT

As permitted by paragraph 1A of Schedule 7 to the Large and Medium – sized Companies and Groups (accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the council report have been omitted as they are included in the strategic report on pages 1 and 2. These matters relate to development and financial performance in the year and financial position at the reporting date.

MEMBERS OF THE COUNCIL

The members who served during the period were:

Appel, I.	Kieft, D.	Smithson, B.
Basham, A.T.	McSean, B. (to 01.02.2017)	Snowdon, K.
Bratt, S.	Murley, K.	Teader, G.
Brown, W. (from 01.02.2017)	Murray, S.	Thomas, N
Crannis, D. (from 17.05.2017)	O'Connor, T. (from 21.01.2016)	Timmins, G
Crofts, M.	Pridham, J. (from 21.09.16)	Walker, S. (to 18.05.2016)
Dowds, M.	Prout, I.	Worrall, G.
Fagg, P. (to 18.05.2016)	Salter, D.	Wetherill, D
Grant, G.	Smith, M.	

The Electrical Contractors' Association

Report Of The Council (Continued)

For The Year Ended 31st December 2016

STATEMENT OF COUNCIL RESPONSIBILITIES

The Council has decided to prepare the Strategic Report, the Report of the Council and the Group Accounts in accordance with applicable law and regulations.

Company law requires the council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that period. In preparing these financial statements, the Council members are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the with applicable law and regulations. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INFORMATION TO AUDITORS

So far as each council member is aware, there is no relevant audit information of which the Association's auditors are unaware. Each council member has taken all the steps he ought to have taken as a council member to make himself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

AUDITORS

haysmacintyre have expressed their willingness to be re-appointed and a resolution will be submitted to the Annual General Meeting.


By Order of the Council
M J BURNLEY
Secretary

ECA Court
24-26 South
Park
Sevenoaks
Kent
TN13 1DU
29 June 2017

The Electrical Contractors' Association

Independent Auditors' Report

To The Members Of The Electrical Contractors' Association

We have audited the financial statements of The Electrical Contractors' Association for the year ended 31st December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, The Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the council and auditors

As explained more fully in the Council Responsibilities, the Association's council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 31st December 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters

In our opinion the information given in the Report of Council and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Simon Wilks (senior statutory auditor)
for and on behalf of
haysmacintyre,
Statutory auditors
29 June 2017

26 Red Lion Square
London
WC1R 4AG

The Electrical Contractors' Association

Consolidated Income Statement

For The Year Ended 31st December 2016

		2016	2015
	Notes	£	£
Turnover	3	21,168,004	22,031,577
Administrative costs	4	(23,194,148)	(24,624,334)
Operating deficit before investment income	5	(2,026,144)	(2,592,757)
Investment and other income	6	1,622,314	1,490,212
Share of profits in equity accounted undertakings	7	884,780	720,338
Operating surplus/(deficit) before profits on capital assets		480,950	(382,207)
Profit/(loss) on sale of fixed assets		129,702	(86,311)
Profit on sale of current asset investments		1,291,089	525,973
Unrealised profit/(loss) on investments		362,214	(647,293)
Unrealised loss on Investment properties		(175,000)	-
Surplus/(deficit) on ordinary activities before taxation		2,088,955	(589,838)
Taxation on ordinary activities	10	(471,557)	321,026
Retained surplus/(deficit) for the financial year		1,617,398	(268,812)
		2016	2015
Other Comprehensive Income		£	£
Result for the financial year		1,617,398	(268,812)
Actuarial (loss)/gain	20	(1,222,000)	322,000
Deferred taxation on pension deficit movement		93,834	(193,936)
Total Comprehensive Income for the year		489,232	(140,748)

The accompanying notes form an integral part of these financial statements.

The Electrical Contractors' Association

Consolidated Statement of Financial Position

At 31st December 2016

		2016	2015
		£	£
Fixed assets			
Intangible fixed assets	Notes 11	-	-
Tangible fixed assets	12	3,406,405	3,863,369
Investment Properties	13	2,416,134	2,591,134
Investments	14	8,417,352	10,370,019
		<u>14,239,891</u>	<u>16,824,522</u>
Current assets			
Debtors	15	14,130,275	13,522,741
Investments	16	45,451,972	40,504,419
Cash at bank and in hand		16,581,744	19,806,372
		<u>76,163,991</u>	<u>73,833,532</u>
Creditors:			
Amounts falling due within one year	17	(16,229,462)	(18,273,556)
Provision for other liabilities and charges	18	(18,434,584)	(17,799,034)
		<u>(34,664,046)</u>	<u>(36,072,590)</u>
Net current assets		<u>41,499,945</u>	<u>37,760,942</u>
Total assets less current liabilities		<u>55,739,836</u>	<u>54,585,464</u>
Provisions for liabilities	19	(74,000)	(75,300)
Pension scheme deficit	20	(4,717,440)	(4,051,000)
Net Assets Including Pension Deficit		<u>£50,948,396</u>	<u>£50,459,164</u>
Reserves			
Accumulated fund		50,948,396	50,459,164
Total Funds		<u>£50,948,396</u>	<u>£50,459,164</u>

The financial statements were approved and authorised for issue by the Council and signed on its behalf by:


 M Smith


 D Kieft

29 June 2017

The accompanying notes form an integral part of these financial statements.