

THE ELECTRICAL CONTRACTORS' ASSOCIATION
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2021

The Electrical Contractors' Association

Strategic Report Of The Council

For The Year Ended 31st December 2021

The Council presents their strategic report for the year ended 31st December 2021.

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 2,607 to 2,555 in 2021.
- Investments
Investments are held to provide a dividend return and capital growth to help fund the Group's activities.

DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

The operating surplus before movements on capital of investments was £2.6m compared to a deficit of £0.4m in 2020.

FINANCIAL POSITION AT THE REPORTING DATE

The Group's net assets have increased by £4.6m to £65.6m. The Group had cash at bank of £10.6m.

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 has adopted a business model such 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. The sale of EC Insurance Company Ltd in 2017 further de-risked the business model.

The defined benefit pension scheme position as detailed in note 21 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. At 31st December 2021 the scheme was in surplus.

The Covid-19 pandemic which broke out in 2021 will have a potentially widespread and long term economic impact on member businesses, which the Association will mitigate by providing relevant advice to members and through influencing Government and other bodies to ensure member businesses receive support. The Association further supported members by deferring payment of subscriptions by members in the early part of the pandemic as well as discounting subscriptions by 25%. The Association also discounted its 2021 membership rates by 10%. The Company itself faced some additional operational challenges due to the restrictions on travel and office facilities, which were successfully mitigated by systems that allow for offsite working for nearly all employees. The financial impact on the Association continues to be closely monitored.

The Electrical Contractors' Association

Strategic Report Of The Council (Continued)

For The Year Ended 31st December 2021

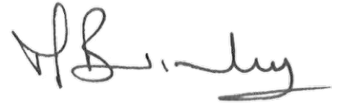
INFORMATION TO AUDITORS

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

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



By Order of the Council
M J BURNLEY
Secretary
27 June 2022

The Electrical Contractors' Association

Report Of The Council

For The Year Ended 31st December 2021

The Council presents their report and financial statements for the year ended 31st December 2021.

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 a challenging year in terms of retention and growth in membership. The strength of the UK economy is uncertain but the contracting and building services sector, where our members operate, does appear to have a core workload despite the economic impact of Covid-19.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

During the year the Electrical Contractors' Association Limited, EC Insurance Holdings 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.

In reaching this opinion Council has given consideration to the likely impact of Covid-19 on member businesses and the resultant effect on Subscription income, the impact on returns from subsidiaries and associates and the effect on the operating costs of the Association. Although significant, these effects would not prevent the Association for continuing as a going concern for a minimum period of 12 months from the date these financial statements are approved.

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 page 1. 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:

Ablett, S. (from 15.09.2021)	Dowds, M. (to 19.02.2021)	Prout, I. (to 01.01.2021)
Bradshaw, I.	Giardelli, M.	Pullin, J.
Bratt, S.	Grant, G. (to 12.05.2021)	Rugg, S. (from 08.12.2021)
Brown, W.	Hilland, M. (from 12.05.2021)	Smith, S.
Burt, C. (to 15.09.2021)	Jackson, R.	Smithson, B.
Crannis, D. (to 31.01.2022)	Kavanagh, R.	Smyth, S. (from 08.12.21)
Cressey, S (from 08.12.2021)	Lewis, D.	Teader, I
Davies, K. (to 15.09.2021)	Murray, S.	Wetherill, D
Devine, R.	Nichols, D. (from 02.03.2021)	Worrall, G.

The Electrical Contractors' Association

Report Of The Council (Continued)

For The Year Ended 31st December 2021

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.

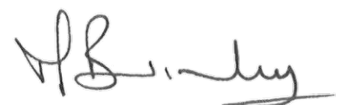
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By Order of the Council
M J BURNLEY
Secretary
27 June 2022

The Electrical Contractors' Association

Independent Auditors' Report

To The Members Of The Electrical Contractors' Association

Opinion

We have audited the financial statements of Electrical Contractors Association (the 'Association') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Income Statement, the Consolidated Statement of Financial Position, the Association's Statement of Financial Position, the Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the Association's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with 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 are independent of the group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council Member'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 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 Council Members with respect to going concern are described in the relevant sections of this report.

Other information

The Council Members 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 group and Association financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group and Association financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Council Members

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

The Electrical Contractors' Association

Independent Auditors' Report (continued) To The Members Of The Electrical Contractors' Association

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Group and the environment in which it operates, we identified the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as, corporation tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiring with management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with round sum amounts, unusual descriptions, or material impact to the financial statements; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular regarding the valuation of investment properties and investments; and
- Reviewing the work performed by component auditors work in relation to the above.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Association's members, as a body, in accordance with the Association's Constitution. 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.



Jessica Edwards (Senior Statutory Auditor)
Haysmacintyre LLP
Date: 27 June 2022

10 Queen Street Place
London
EC4R 1AG

The Electrical Contractors' Association

Consolidated Income Statement

For The Year Ended 31st December 2021

		2021	2020
	Notes	£	£
Turnover	3	8,508,779	7,343,418
Administrative costs	4	(9,253,449)	(9,425,890)
Operating deficit before investment income	5	(744,670)	(2,082,472)
Investment and other income	6	1,114,283	1,184,259
Share of profits in equity accounted undertakings	7	2,185,207	535,542
Operating surplus / (deficit) before profits on capital assets		2,554,820	(362,671)
(Loss) on sale of fixed assets		-	(15,714)
Profit / (Loss) on sale of current asset investments		2,279,750	(641,786)
Unrealised profit on current asset investments		1,991,685	1,655,554
Unrealised profit / (loss) on Investment properties		400,000	(400,000)
		4,671,435	598,054
Surplus on ordinary activities before taxation		7,226,255	235,383
Taxation on ordinary activities	11	(2,674,367)	(622,406)
Retained surplus/(deficit) for the financial year		4,551,888	(387,024)
Other Comprehensive Income		2021	2019
		£	£
Result for the financial year		4,551,888	(387,024)
Actuarial gain/(loss)	20	44,000	(688,000)
Total Comprehensive Income for the year		4,595,888	(1,075,024)

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

The Electrical Contractors' Association

Consolidated Statement of Financial Position

At 31st December 2021

		2021	2020
	Notes	£	£
Fixed assets			
Tangible fixed assets	12	1,388,792	1,406,143
Investment Properties	13	4,666,667	4,266,667
Investments	14	9,456,916	9,559,063
		<u>15,512,375</u>	<u>15,231,873</u>
Current assets			
Debtors	15	2,425,120	2,808,041
Investments	16	46,281,056	40,899,494
Cash at bank and in hand	17	10,623,811	8,454,393
		<u>59,329,987</u>	<u>52,161,928</u>
Creditors:			
Amounts falling due within one year	18	(6,899,053)	(5,889,808)
		<u>(6,899,053)</u>	<u>(5,889,808)</u>
Net current assets		<u>52,430,934</u>	<u>46,272,120</u>
Total assets less current liabilities		<u>67,943,309</u>	<u>61,503,993</u>
Provisions for liabilities	19	(2,405,551)	(562,123)
Pension scheme deficit	20	-	-
Net Assets Including Pension Deficit		<u>£65,537,758</u>	<u>£60,941,870</u>
Reserves			
Accumulated fund		<u>65,537,758</u>	<u>60,941,870</u>
Total Funds		<u>£65,537,758</u>	<u>£60,941,870</u>

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



S Murray

27 June 2022



D Lewis

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

The Electrical Contractors' Association

Association Statement of Financial Position

At 31st December 2021

	2021	2020
	£	£
INVESTMENT		
The Electrical Contractors' Association Limited		
1,507 6% Cumulative Preference Shares of £1 each, fully paid at cost	£1,507	£1,507
	=====	=====
RESERVES		
Accumulated fund	£1,507	£1,507
	=====	=====

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


.....
S Murray


.....
D Lewis

27 June 2022

The Association has no financial transactions and therefore had no profit or loss. The Association has not presented its own Statement of Comprehensive Income for this reason.

The accompanying notes form an integral part of these financial statements

The Electrical Contractors' Association

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	2021
	£
	Accumulated Fund
Opening Balance	60,941,870
Total Comprehensive income for the Financial Year	
Holding undertaking	-
Subsidiary undertakings Surplus for the year	4,551,888
Other Comprehensive income	44,000
Result for the financial year	4,595,888
Closing balance	£65,537,758
	2020
	£
	Accumulated Fund
Opening Balance	62,016,894
Total Comprehensive income for the Financial Year	
Holding undertaking	-
Subsidiary undertakings Deficits for the year	(387,024)
Other Comprehensive income	(688,000)
Result for the financial year	(1,075,024)
Closing balance	£60,941,870

The accompanying notes form an integral part of these financial statements

The Electrical Contractors' Association

Consolidated Statement of Cashflows

For the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Retained surplus/(deficit) for the financial year		4,551,888	(387,024)
Adjustments for:			
Share of profits in equity accounted undertakings less distributions		17,825	419,725
Depreciation of tangible assets		122,653	116,109
Loss on sale of tangible assets		-	15,714
Loss on sale of current asset investments		(2,279,750)	641,786
Unrealised (profit)/loss on current asset investments		(1,991,685)	(1,655,554)
Profit on intangible assets		-	-
Unrealised profit on Investment Property		(400,000)	400,000
Movement in Pension deficit		44,000	-
Funding of Pension deficit		-	(700,000)
Interest received		(10)	(4,609)
Taxation		2,674,368	622,406
Decrease/(increase) in debtors		372,568	122,417
Increase/(decrease) in creditors		257,577	(196,093)
Cash from operations		3,369,434	(605,122)
Taxation repaid		15,403	(43,627)
Net Cash generated from operating activities		3,384,837	(648,749)
Cash flows from investing activities			
Proceeds from sale of intangible assets		-	-
Proceeds from sale of tangible assets		-	-
Proceeds from sale of Investment Properties		-	-
Purchases of tangible assets		(105,302)	(93,304)
Proceeds from sale of current asset investments		23,996,824	6,597,612
Purchases of current asset investments		(25,106,951)	(6,821,167)
Purchase of interest in Associates		-	-
Interest received		10	4,609
Net cash from investing activities		(1,215,419)	(312,250)
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		2,169,418	(960,999)
Cash and cash equivalents at beginning of year		8,454,393	9,415,392
Cash and cash equivalents at end of year	21	£10,623,811	£8,454,393

The accompanying notes form an integral part of these financial statements

The Electrical Contractors' Association

Notes To The Accounts

For The Year Ended 31st December 2021

1. General Information

Functional and presentational currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the 'functional' currency). The financial statements are presented in Pounds Sterling, being the functional and presentational currency of the Group.

Status of the Association

The Association is registered with the Certification Office for Trade Unions and Employers Associations. The liability of members is fixed by the Memorandum of Association at a sum not to exceed £1 per member in the event of a winding up.

Registered Address

The registered address of the Association is Rotherwick House, 3 Thomas More Street, London E1W 1YZ.

Going Concern

In assessing the Association's ability to continue as a going concern, the Council have considered the Association's liquidity position, cash flow forecasts for the next 12 months and considered the effect of Covid-19 on subscription income, returns from subsidiaries and associates and the effect on operating costs. The Association has considered the potential impact of the risks identified above on the cashflow forecasts along with any potential cost savings. The forecasts indicate that during the year the Association will have sufficient cash reserves to meet its obligations. The Council continue to adopt the going concern basis in preparing the accounts.

2. Accounting Policies

The financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties in accordance with applicable accounting standards, including Financial Reporting Standard 102 (FRS102).

(b) Basis of Consolidation

The group accounts include the accounts of the Association, all its subsidiaries and a company limited by guarantee deemed to be controlled by the Association. The Group's share of its associate's results and net assets are included on an equity accounting basis.

Transactions and balances relating to activities subject to severe long term restrictions are excluded from the Group accounts in accordance with FRS 102

The Association has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income. The Association has no financial transactions and therefore had no profit or loss.

(c) JIB Combined Benefits Scheme

The Association, through EC Insurance Services Ltd, is responsible for the transactions, assets and liabilities relating to the management of the JIB Combined Benefits Scheme.

Provision is made for all potentially repayable amounts with the exception of items that are statute barred.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

2. Accounting Policies (Continued)

(d) Turnover

Turnover represents members' subscriptions and amounts receivable from the provision of various commercial and insurance services. Subscriptions are recognised in the subscription year they relate to and sundry income in the period in which the income is earned. Insurance commission is accounted for when the right to consideration has been achieved and the amount due is capable of reliable measurement.

(e) Interest and Dividends

Interest, except short-term deposit interest, and dividends are recognised on a received basis. Short-term deposit interest is recognised on an accrued basis.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Computer hardware and software is capitalised when it is probable that future economic benefits will be derived from the expenditure and where cost can be measured reliably.

- No depreciation is charged on freehold land. Freehold buildings are written off at a rate of 2% per annum of their cost.
- Other assets are written off on a straight line basis. Fixtures, fittings and computer equipment are written off at rates between 10% to 33⅓% per annum. Computer software is written off in the year of purchase.

(g) Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Goodwill is depreciated on a straight line basis over the expected economic life of 5 years.

(h) Investment Properties

Investment properties are shown at Councils' valuation based on regular professional valuations.

(i) Fixed Asset Investments

Investments in associated ventures are shown at the Group's share of its associated results and net assets.

(j) Current Asset Investments

Quoted investments are stated in the balance sheet at open market value. Where dealings in an investment had been suspended, the Council has taken a provision for loss in value.

(k) Deferred Tax

Full provision is made for deferred tax in respect of all non-permanent timing differences that have originated but not reversed at the balance sheet date.

(l) Cash at Bank

Included in cash at bank are client money balances including amounts of realised commission to be withdrawn in accordance with the rules of the Financial Conduct Authority applicable to the subsidiary company EC Insurance Services Limited. An analysis of the component parts of the cash held in the bank accounts is provided in note 17 to these financial statements.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

2. Accounting Policies (Continued)

(m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the lease term, unless rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense over the lease term on a straight-line basis.

(n) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment

(o) Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(p) Pension Costs

The group operated both defined benefit and defined contribution retirement benefit schemes during the year.

The liability recognised in the balance sheet in respect of the group's defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated using the projected unit credit method. Formal actuarial valuations are carried out on a triennial basis, with updated calculations being prepared at each balance sheet date. Where the calculations show a surplus, this is not recognised until such time as it is formally recognised by a reduction in the deficit contribution covenant with the Scheme.

The cost of providing future benefits (service cost) is charged to the consolidated revenue account in cost of sales. The return on scheme assets and interest obligation on scheme liabilities comprise a pension finance adjustment which is included in investment and other income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity and shown in the Statement of Total Comprehensive Income in the period in which they arise.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

3. Turnover

	2021	2020
	£	£
Subscriptions	4,613,448	4,631,270
Covid 19 discount	(444,303)	(1,128,911)
Commercial services	3,711,005	3,055,728
Health and safety assessment income	549,372	573,478
Sundry Income	79,257	73,853
CJRS Grant income	-	138,000
	£8,508,779	£7,343,418

Turnover relates wholly to activities in the United Kingdom.

4. Administrative costs

	2021	2020
	£	£
Group Administration costs	6,983,343	7,146,788
Health and safety assessment	533,819	544,751
Regional allocations and office costs	1,736,287	1,734,351
	9,253,449	9,425,890

5. Supplementary Revenue Information

	2021	2020
	£	£
The operating surplus for the year is stated after charging:		
Auditors' remuneration: audit	30,600	22,750
tax	7,800	5,150
audit of associate companies	7,150	5,075
other	875	-
Depreciation	122,653	116,109
Operating lease rentals	390,277	421,184

6. Investment and other income

	2021	2020
	£	£
Investment income from unitised investments	707,859	771,185
Other investment income	11,079	8,982
Rental income	395,335	399,483
Interest received	10	4,609
	£1,114,283	£1,184,259

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

7. Share Of Profits Before Tax In Equity Accounted Undertakings

The above amounts are based upon the last available accounts that are not all coterminous with the group's year-end.

	Holding %	2021 £	2020 £
ESCA Estates Limited	57.14	258,207	(863,082)
Bluesky Trustee Company Limited	50	-	-
Certsure LLP	25	1,927,000	1,398,624
		£2,185,207	£535,542

8. Directors' Remuneration

During the year, the directors of the intermediate holding company received the following remuneration.

	2021 £	2020 £
As a director	284,533	322,452
Benefits in kind	4,721	4,735
Pension	6,331	20,364
	£295,585	£347,551
Highest paid director		
Emoluments	234,282	221,951
Pension	6,331	20,364
	£240,613	£242,315

Retirement benefits were accruing for 1 directors of the intermediate holding company throughout the year (2020: 1 directors).

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

9. Staff Numbers And Costs

The average number of persons employed by the group (excluding non-executive members of Council who are not full time employees) during the year was as follows:

	2021	2020
	No	No
Administration	98	103

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£	£
Salaries	4,604,939	4,909,028
Social security costs	480,226	491,899
Current pension service costs		
– defined contribution scheme	433,430	500,199
– additional employer contributions	20,301	20,2492
	£5,538,896	£5,921,375

	2021	2020
	No	No
Number of key staff	9	8
	£	£
Remuneration of Key Staff	£1,146,855	£1,197,825

The holding company did not have any employees during the year or the preceding year.

10. Pension Scheme

The Electrical Contractors Association operates both defined benefit and defined contribution retirement benefit schemes for the employees of the Association, its wholly owned subsidiaries, Esca Estates Limited and the Joint Industry Board.

Defined Benefit Scheme

The Defined Benefit Scheme provides benefits based on final pensionable pay. The scheme was closed to future accrual with effect from 31 December 2010. All scheme members were invited to join the Defined Contribution Scheme with effect from 1 January 2011. Formal actuarial valuations are carried out on a triennial basis, with updated calculations being prepared at each balance sheet date.

The Electrical Contractors' Association

Notes To The Accounts

For The Year Ended 31st December 2021

10. Pension Scheme (continued)

The statutory employer has agreed to meet the current pension deficit and a recovery plan has been agreed with the Trustees to pay £350,000 per annum from 1st January 2021 to 31 December 2023. In total deficit contributions in the year were £nil (2020: £700,000).

Defined Contribution Scheme

The employer contributes 5% or 12.5% of pensionable earnings to a group occupational pension provider. The pension contributions paid by the company in the year amounted to £453,731 (2020: £520,448). The employee's contribution to this scheme is 5%. The staging date for auto enrolment was 1 April 2014 and that is now incorporated within the pension scheme with the employer contributions 3% and employee 5%.

For those members transferring from the Defined Benefit Scheme, the employer has agreed to increase their contribution by 1% to 13.5% if the employee agrees to increase their contribution by 1%.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

11. Taxation

	2021	2020
	£	£
UK corporation tax	751,528	-
Deferred tax charge	1,842,831	569,772
Share of corporation tax in equity accounted undertakings	84,322	52,631
	2,678,681	622,403
Income tax repayable	1	1
Under/(over) provision in prior years	(4,314)	3
Total current tax charge	2,674,367	£622,406

The tax assessed for the year differs from the standard corporation tax rate in the UK of 19.00% .

The differences are explained as follows:

	2021	2020
	£	£
Result on ordinary activities before tax	£7,226,255	£235,383
Result on ordinary activities before tax multiplied by the standard corporation tax rate of 19.00% (2020: 19.00%)	1,372,988	44,722
Effects of:		
Depreciation in excess of capital allowances	4,185	-
Amounts disregarded for tax purposes	385,468	655,746
Income not taxable for tax purposes	(1,326,806)	(475,194)
Dividend and distribution income	-	-
Deferred Tax not recognised	178,471	(252,689)
Small companies relief	-	-
Losses carried back	-	-
Franked Investment Income	(102,987)	(95,295)
Chargeable gains	977,554	483,248
Other timing differences	1,189,808	261,865
UK corporation tax	£2,678,681	£622,403

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

12. Tangible Fixed Assets

	<i>Freehold land and buildings</i>	<i>Fixtures, fittings & computer equipment</i>	<i>Total</i>
	£	£	£
COST			
At 1st January 2021	2,006,935	941,467	2,948,402
Additions	-	105,302	105,032
At 31st December 2021	2,006,935	1,046,769	3,053,704
ACCUMULATED DEPRECIATION			
At 1st January 2021	686,593	855,666	1,542,259
Charge for year	31,959	90,694	122,653
At 31st December 2021	718,552	946,360	1,664,912
NET BOOK VALUE			
At 31st December 2021	£1,288,383	£100,409	£1388,792
At 31st December 2020	£1,320,342	£85,801	£1,406,143

13. Investment Properties

Investment properties comprise office accommodation let out on short term leases. The property was valued by the Officers as at 31 December 2021 based on an independent valuation carried out by Michael Rogers LLP on 17 December 2019, on a Market Value and Market Rent basis, in accordance with RICS Valuation - Global Standards March 2017 Edition, reflecting movements in property values in the period since then.

Fair value	£
At 1 January 2021	4,266,667
Revaluation	400,000
At 31 December 2021	£4,666,667

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

14. Fixed Asset investments

	2021	2020
	£	£
Share of retained reserves in associated undertakings:		
ESCA Estates Limited	7,963,398	8,029,513
Bluesky Trustee Company Limited	50	50
Certsure LLP	1,493,468	1,529,500
	<u>£9,456,916</u>	<u>£9,559,063</u>
Total fixed asset investments		
	<u>£9,456,916</u>	<u>£9,559,063</u>
Movement in holding in Related Undertakings		
At 1 January 2021	9,559,063	9,974,277
Share of increase in net asset value	(102,143)	(415,213)
At 31 December 2021	<u>£9,456,920</u>	<u>£9,559,063</u>

Subsidiary Undertakings

Name Of Company	Shares Held	% Of Shares Held Directly Or Indirectly	Principal Activity
The Electrical Contractors Association Limited	6% Cum Pref	100%	Trade Association
ECA Affinity Services Limited	£1 Ord Shares	100%	Dormant
EC Insurance Holdings Limited	£1 Ord Shares	100%	Insurance holding company

The following are subsidiaries directly or indirectly owned by EC Insurance Holdings Limited:

EC Insurance Services Limited	Ord £1	100%	Insurance mediation services
Brandrisks Group Limited	Ord £1	100%	Dormant
Brandrisks Limited	Ord £1	100%	Dormant
Sportsrisks Limited	Ord £1	100%	Dormant

ECA Certification Limited, a company limited by guarantee, has also been consolidated as it is deemed to be controlled by the Electrical Contractors' Association.

Associated Undertakings

Name Of Company	Shares Held	% Of Shares Held (Indirectly)	Principal Activity
ESCA Estates Limited ¹	£1 Ordinary Shares	57.14%	Property Company
Bluesky Trustee Company Limited ²	£1 Ordinary Shares	50%	Pension Scheme Manager
Certsure LLP ³		25%	Certification

ECA increased its holding in ESCA Estates Ltd to 57.14% on 14 February 2018, but did not acquire a controlling interest.

All subsidiary undertakings, associated undertakings and other fixed asset investments are registered in England and Wales. The registered address is ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU with the exception of ¹Rotherwick House, 3 Thomas More Street, London, E1W 1YZ, ²Unit 2, White Oak Square, Swanley BR8 7AG and ³Warwick House, Houghton Hall park, Dunstable LU5 5ZX.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

15. Debtors

	2021	2020
	£	£
Trade debtors	1,150,128	1,675,174
Other debtors	585,047	517,630
Due from related parties	138,863	181,989
Corporation tax recoverable	-	10,957
Deferred tax	54,545	53,949
Prepayments and accrued income	496,367	368,342
	£2,425,120	£2,808,041

16. Current Asset Investments

	2021	2020
	£	£
UK listed Unitised Funds		
At 1st January	40,899,494	39,662,171
Disposals	(21,719,610)	(7,239,398)
Additions	25,109,487	6,821,167
Unrealised gains	1,991,685	1,655,554
	£46,281,056	£40,899,494

17. Cash and Bank

	2021	2020
	£	£
Client money balances included within Cash at bank and in hand	£1,384,625	£945,269

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	4,466,591	3,406,929
Corporation tax	751,660	-
Other taxation and social security costs	65,021	474,626
Other creditors	642,318	784,517
Due to associated undertakings	251,012	208,445
Accruals and deferred income	722,451	1,015,291
	£6,899,053	£5,889,808

The Electrical Contractors' Association
Notes To The Accounts (Continued)
For The Year Ended 31st December 2021

19. Provision For Liabilities

	2021	2020
	£	£
Deferred taxation liability		
At 1 January 2021	562,123	-
Movement in the year	1,843,428	562,123
At 31 December 2021	<u>£2,405,551</u>	<u>£562,123</u>

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

20. Pension Scheme Deficit

	2021 £'000s	2020 £'000s
Change in benefit obligation		
Benefit obligation at 1st January 2021	41,292	39,093
Current service cost	66	66
Interest cost	564	805
Benefits paid	(1,954)	(1,514)
Insurance premiums	(66)	(66)
Remeasurements		
Changes in assumptions	(1,172)	4,114
Experience adjustments	-	(1,206)
Benefit obligation at 31st December 2021	38,730	41,292
Change in plan assets		
Fair value of plan assets at 1st January 2021	42,858	39,081
Interest income	586	812
Remeasurements - return on plan assets	(1,954)	(1,514)
Employer contributions (incl. employer direct benefit payments)	-	766
Insurance premiums	(66)	(66)
Benefits paid	690	3,779
Fair value of plan assets at 31st December 2021	42,114	42,858
Amounts recognised in the balance sheet		
<i>Plans that are wholly unfunded and plans that are wholly or partly funded</i>		
Present value of wholly or partly funded obligations	38,730	41,292
Fair value of plan assets	42,114	42,858
Surplus not recognised	(3,384)	(1,566)
Funded status	-	-
Costs relating to defined benefit plans		
<i>Amounts recognised in the statement of comprehensive income</i>		
Costs - changes from employee service	66	66
Net Interest		
Expense	564	805
Income	(586)	(812)
	£44	£59
<i>Amounts recognised in the statement of comprehensive income</i>		
Changes in assumptions	(1,172)	4,114
Contribution in respect of flexible apportionment	-	(1,206)
Pension surplus not recognised	1,818	1,566
Actuarial return less expected return on plan assets	(690)	(3,779)
Actuarial gain/(loss)	£(44)	£695

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

20. Pension Scheme Deficit (continued)

	2021 £'000s	2020 £'000s
Principal actuarial assumptions		
<i>Weighted average assumptions used to determine benefit obligations at:</i>		
Discount rate	1.90%	1.40%
Rate of price inflation (RPI)	3.50%	3.00%
Rate of price inflation (CPI)	2.80%	2.20%
<i>Weighted average assumptions used to determine net pension cost:</i>		
Discount rate	2.10%	2.10%
Pension in payments increase (5% RPI)	2.90%	2.90%
Rate of price inflation RPI	3.00%	3.00%
Rate of price inflation CPI	2.20%	2.00%
<i>Weighted life expectancy on retirement at age 45:</i>		
Male age 65 (current life expectancy)	23.2	23.1
Male age 45 (life expectancy at age 65)	24.1	24.0
Plan assets		
<i>Percentage of plan assets by asset allocation</i>		
Equity Securities	21%	28%
Debt Securities	74%	62%
Property	2%	2%
Other	3%	8%
	100%	100%

21. Analysis of changes in net debt

	At 1 Jan 2021 £	Cash flows £	At 31 Dec 2021 £
Cash and cash equivalents			
Cash	8,454,393	2,169,419	10,623,812
Overdrafts	-	-	-
Cash equivalents	-	-	-
Total	£8,454,393	£2,169,419	£10,623,812

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

22. Operating Lease Commitments

At the year end the Group had the following minimum operating lease payments:

	2021		2020	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Within one year	280,530	50,927	280,530	59,488
Between two to five years	1,122,118	26,133	1,122,118	69,218
More than five years	3,319,600	-	3,600,130	-
	<u>£4,722,248</u>	<u>£77,060</u>	<u>£5,002,778</u>	<u>£128,706</u>

At the year end the Group had the following minimum operating lease receipts:

	2021 Land & Buildings £	2020 Land & Buildings £
Within one year	250,885	250,885
Between two to five years	1,003,540	1,003,540
More than five years	692,480	943,365
	<u>£1,946,905</u>	<u>£2,197,790</u>

23. Related Party Transactions

	2021 £	2020 £
Transactions with related parties:		
Management fee from ESCA Estates Limited	96,536	96,044
Rent paid to ESCA Estates Limited	280,530	280,530
Service charges paid to Esca Estates Limited	132,802	171,213
Dividend received from Esca Estates Limited	240,000	240,000
Provision of Assessment services from Certsure LLP	343,319	339,551
Balances due from / (to) related parties:		
Bluesky Trustee Company Limited	138,863	181,989
ESCA Estates Limited	(119,370)	(123,131)
Certsure LLP	(34,618)	(85,314)

ESCA Estates Limited, Bluesky Trustee Company Limited and Certsure LLP are associated undertakings of the Electrical Contractors' Association.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2021

24. Financial risk management

Liquidity Risk

The objective of the Association in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Association expects to meet its financial obligations through operating cash flows. In the event that operating cash flows would not cover all of its financial obligations, it has significant UK stock market investments that could be realised for cash.

25. Financial assets and liabilities

	2021 £	2020 £
Financial assets measured at fair value through profit and loss	10,814,541	10,504,332
Financial assets measured at amortised cost	12,498,020	10,829,186
Financial liabilities measured at amortised cost	<u>(5,359,921)</u>	<u>(4,399,891)</u>

26. Contingent Liability

ECA Limited is the guarantor for the JIB Staff Defined Benefit Pension Scheme. The last actuarial report as at 31 January 2018 has shown the assets of the pension scheme were less than the liabilities by £6,000. The funding of the shortfall is being met on an annual basis.

27. Ultimate Controlling Party

The Council Members consider there to be no ultimate controlling party

28. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Investment properties are professionally valued at regular intervals, in intervening years they are valued by the Council based upon their best estimate of current and future rental yields
- Valuation of Debtors is based upon management's best estimate of the provision for doubtful debts against the relevant balances.