

**THE ELECTRICAL CONTRACTORS' ASSOCIATION**  
**CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2012**

# **The Electrical Contractors' Association**

## **Report Of The Council**

### **For The Year Ended 31<sup>st</sup> December 2012**

The Council presents its report and audited consolidated accounts for the year ended 31<sup>st</sup> December 2012.

#### **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.

#### **REVIEW OF BUSINESS**

The results on page 5 show a profit for the year of £9,969,651 (2011: £14,740,081 deficit).

The significant improvement to the previous year's results is mainly attributable to the recognition of gains on investment assets sold to meet funding obligations and the fact that the previous year recorded exceptional losses in respect of the Lloyds venture.

Council, mindful of the considerable impact that the Lloyd's venture has had on reserves, has accelerated the process to implement 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 targets that were set for 2012 have been met and exceeded. The journey continues into 2013 and those targets are on course to be met without any reduction in members' services.

The insurance division, during 2012, built upon its strategy of focusing on controlled growth within its core markets. This focused approach linked to targeted marketing and underwriting enabled the business to regain ground lost in early 2010. The development of new products and services for both the Association and other trade associations has remained at the forefront of activity. New business and renewal retention rates were strong, particularly for members of the association where a differentiated cross-over general insurance, benefits and training proposition with the Group's insurance services business significantly aided business performance.

That division 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.

In November 2011 the Association sold its ongoing insurance interest at Lloyds and the supporting managing agency and has restricted its future exposure to no more than its share of the run-off for the 2010 and 2011 underwriting years of account. As at the end of 2011 a provision for ECA's share of a combined ultimate loss of £26m had been made over the two years. In view of the fact that there is still a degree of uncertainty as to the ultimate losses, a further provision of £1.48m has been made in 2012 to match the worst ultimate outcome as reported in the December 2012 Syndicate quarterly return. The Association's maximum liability for losses arising from the Syndicate for both years is £31.3m. In the unlikely event that losses exceed £31.3m, reinsurance will cover a further £12m.

During 2012, the provision for Syndicate losses was partly met by a cash call of £9.086m in addition the cash call of £10.4m that was made in 2011. A further cash call of £394k was made in June 2013 in respect of the 2010 underwriting year which has now folded into the 2011 underwriting year. The Association is required to lodge collateral to meet future liabilities and at the end of the year investments with a market value of £12,186,587 were pledged with the Society of Lloyd's as compared to the outstanding liability of £8,050,354 at that time.

During the year, an agreement was entered into with the Electrical Safety Council (ESC) to transfer the Association's commercial training, inspection and assessment activities into a joint venture, Certsure LLP, with effect from 1st April 2013. It is anticipated that there will be increased future revenue streams from this joint venture.

## The Electrical Contractors' Association

### Report Of The Council (Continued)

#### For The Year Ended 31<sup>st</sup> December 2012

#### KEY PERFORMANCE INDICATORS

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

- **Membership numbers**  
Membership fell from 2,855 to 2,792 in 2012. The incentive rebate is offset against subscription income and is determined on the results of the various benefit schemes operated by the Electrical Contracting Industry Benefits Agency (ECIBA).
- **Certificate Scheme Registrants**  
There were 7,334 (2011: 6,921) participants in the Part P Scheme run by ECA Certification Limited, 623 (2011: 691) participants in the Microgen Scheme and 17 (2011: 17) participants in the Part L Scheme.
- **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 and blue chip quoted shares.
- **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 2012.

#### 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.

The finalisation of losses arising from the underwriting years of 2010 and 2011 in Lloyd's Syndicate 1110 and the effect of this on the on-going cash flow.

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

#### 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.

#### MEMBERS OF THE COUNCIL

The members who served during the period were:

Bailey, M.R.	Hope, A.	
Basham, A.T.	Johnson, D. (to 25.04.2012)	Salter, D. (from 25.4.2012)
Bratt, S.	Kieft, D.	Smyth, S.
Bromyard, D (from 20.06.2013)	Lilley, M.	Smith, M. (to 25.04.2012)
Crofts, M	Lewis, D. (to 24.04.2013)	Solts, R. (to 24.07.2012)
Darragh, L. (from 24.07.2013)	McNaughton, P.	Sumner, P.
Delaney, K. (to 24.04.2013)	McSean, B	Thompson, M. (from 24.04.2013)
Fagg, P.	Metcalfe, G. ( to 24.07.2013)	Timmins, G. (from 24.04.2013)
Gorman, T. (from 24.04.2013)	Murley, K.	Walker, S.
Hilland, M (to 5.12.2012)	Pearson, A. (to 24.04.2013)	Wright, W. (from 25.04.2012)

## **The Electrical Contractors' Association**

### **Report Of The Council (Continued)**

#### **For The Year Ended 31st December 2012**

#### **DONATIONS**

During the year the Association made no charitable or political donations (2011: £10,500).

#### **FIXED ASSETS**

Movements in fixed assets are disclosed in notes 14, 15 and 16 to the accounts.

#### **DIRECTORS AND OFFICERS LIABILITY INSURANCE**

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

#### **STATEMENT OF COUNCIL RESPONSIBILITIES**

The Council has decided to prepare 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*

ESCA House,  
34 Palace Court,  
London,  
W2 4HY

1 September 2013

# **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 31 December 2012 which comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Association Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, Note of Historical Cost Surplus and Deficit 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council Members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 31 December 2012 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 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.

George Crowther (senior statutory auditor)  
for and on behalf of  
haysmacintyre,  
Statutory auditors  
1 September 2013

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

# The Electrical Contractors' Association

## Consolidated Revenue Account

For The Year Ended 31st December 2012

		2012	2011
	Notes	£	£
Turnover	3 & 4		
Continuing Activities		19,247,666	15,706,768
Discontinued Activities		<u>174,729</u>	<u>1,755,037</u>
		<u>19,422,395</u>	<u>17,461,805</u>
Cost of sales	3 & 5		
Continuing Activities		(22,143,364)	(19,189,675)
Discontinued Activities		(165,665)	(5,089,508)
Provision Lloyds Syndicate losses		<u>(1,486,705)</u>	<u>(16,448,837)</u>
		<u>(23,795,734)</u>	<u>(40,728,020)</u>
Operating deficit before investment income	3 & 6		
Continuing Activities		(2,895,698)	(3,482,907)
Discontinued Activities		<u>(1,477,641)</u>	<u>(19,783,308)</u>
		<u>(4,373,339)</u>	<u>(23,266,215)</u>
Share of profits in equity accounted undertakings	7	54,274	59,137
Interest payable		-	(14)
Investment and other income	8	1,599,747	1,836,029
Profit/(loss) on disposal of discontinued operations		1,473,582	(326,620)
Gain on sale of investments		<u>12,149,624</u>	6,554,505
Profit/(deficit) on ordinary activities before taxation		<u>10,903,888</u>	<u>(15,143,178)</u>
Taxation on ordinary activities	11	(934,237)	56,541
Retained profit/(deficit) for the financial year		<u>9,969,651</u>	<u>(15,086,637)</u>
Attributable to minority interests		-	346,556
Attributable to members	12	<u>£9,969,651</u>	<u>£(14,740,081)</u>

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

# The Electrical Contractors' Association

## Consolidated Revenue Account

### For The Year Ended 31st December 2012

#### Statement of Total Recognised Gains and Losses

		2012	2011
	Notes	£	£
Result for the financial year		<b>9,969,651</b>	(14,740,081)
Actuarial losses on net pension costs	22	<b>(87,000)</b>	(2,863,000)
Movement on deferred tax relating to pension asset		<b>(274,000)</b>	817,000
Total recognised gains /(losses) relating to the year		<b>9,608,651</b>	(16,786,081)

#### Note of Historical Cost Surplus and Deficit

		2012	2011
		£	£
Reported surplus/(deficit) on ordinary activities before taxation		<b>10,903,888</b>	(15,143,178)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount in associated undertaking		<b>5,545</b>	5,545
Historical cost surplus/(deficit) on ordinary activities before taxation		<b>£10,909,433</b>	£(15,137,633)
Historical cost surplus/(deficit) for the year retained after taxation and minority interest		<b>£9,975,196</b>	£(14,734,536)

#### Reconciliation of Movements in Members' Funds

		2012	2011
		£	£
Result for the financial year		<b>9,969,651</b>	(14,740,081)
Other recognised gains and losses		<b>(361,000)</b>	(2,046,000)
Members' funds at 1st January 2012		<b>21,588,560</b>	38,374,641
Members' funds at 31st December 2012		<b>£31,197,211</b>	£21,588,560

# The Electrical Contractors' Association

## Consolidated Balance Sheet

At 31st December 2012

		2012	2011
	Notes	£	£
<b>Fixed assets</b>			
Intangible fixed assets	14	-	-
Tangible fixed assets	15	5,414,596	5,928,939
Investments	16	744,010	763,913
		<u>6,158,606</u>	<u>6,692,852</u>
<b>Current assets</b>			
Investments	17	29,941,310	41,020,953
Investments pledged at Lloyds	17	10,047,323	10,686,409
Stock		123,954	161,621
Debtors	18	5,375,133	5,037,203
Cash at bank and in hand		11,171,333	4,310,135
		<u>56,659,053</u>	<u>61,216,321</u>
<b>Creditors:</b>			
Amounts falling due within one year	19	(13,523,780)	(28,057,178)
Provision for other liabilities and charges	20	(7,356,971)	(7,872,976)
		<u>(20,880,751)</u>	<u>(35,930,154)</u>
<b>Net current assets</b>		<u>35,778,302</u>	<u>25,286,167</u>
<b>Total assets less current liabilities</b>		<u>41,936,908</u>	<u>31,979,019</u>
<b>Creditors:</b>			
Amounts falling due after one year	21	(7,655,697)	(6,565,459)
<b>Net assets before pension deficit</b>		<u>34,281,211</u>	<u>25,413,560</u>
Pension scheme deficit	22	(3,084,000)	(3,825,000)
<b>Net Assets Including Pension Deficit</b>		<u>£31,197,211</u>	<u>£21,588,560</u>
<b>Reserves</b>			
Accumulated fund	12	30,996,216	21,382,020
Revaluation reserve	13	200,995	206,540
<b>Total Funds</b>		<u>£31,197,211</u>	<u>£21,588,560</u>

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

.....  
P Fagg

.....  
P McNaughton

1 September 2013

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

# The Electrical Contractors' Association

## Balance Sheet

At 31st December 2012

	2012	2011
	£	£
<b>INVESTMENT</b>		
The Electrical Contractors' Association Limited		
1,507 6% Cumulative Preference Shares of £1 each, fully paid at cost	<b>£1,507</b>	£1,507
	=====	=====
<b>RESERVES</b>		
Accumulated fund	<b>£1,507</b>	£1,507
	=====	=====

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

.....  
P Fagg

1 September 2013

.....  
P McNaughton

# **The Electrical Contractors' Association**

## **Notes To The Accounts**

### **For The Year Ended 31st December 2012**

#### **1. Liability Of Members**

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.

#### **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.

##### **(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.

One of the subsidiaries is an authorised Insurance Company whose own financial statements are drawn up in accordance with Schedule 3 to the Companies Act 2006 (applicable to insurance companies). These regulations do not apply to the consolidated accounts because the group is not an insurance group, and therefore the consolidated accounts have been drawn up in accordance with Part 15 of the Companies Act 2006.

Transactions and balances relating to activities subject to severe long term restrictions are excluded from the Group accounts in accordance with FRS 2

##### **(c) JIB Combined Benefits Scheme**

The association 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.

##### **(d) Turnover**

Turnover represents members' subscriptions and amounts receivable from the provision of various commercial and insurance services. An incentive rebate is deducted from turnover.

##### **(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) Depreciation**

- i) Depreciation is charged on freehold property at the rate of 2% of cost per annum. No depreciation is charged on freehold land.
- ii) Other assets are written off on a reducing balance basis. Fixtures and fittings and computer equipment are written off at rates of 10% to 33⅓% per annum. Motor vehicles at a rate of 33⅓% per annum. Computer software is written off in the year of purchase.

# **The Electrical Contractors' Association**

## **Notes To The Accounts (Continued)**

### **For The Year Ended 31st December 2012**

#### **2. Accounting Policies (Continued)**

##### **(g) Intangible Fixed Assets and Amortisation**

Intangible fixed assets are stated at cost less amortisation. Amortisation is calculated to write down the cost of all intangible fixed assets by equal monthly instalments over their expected useful lives.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets and liabilities at the date of acquisition and is disclosed separately in fixed assets.

##### **(h) Insurance Accounting Policies**

###### **i) Gross Written Premiums and Outward Reinsurance Premiums**

Insurance premiums comprise all amounts, net of insurance premium tax due, attributable to risks borne by the Company in the financial year, together with any differences between booked premiums for prior years and those previously accrued. Outward re-insurance premiums are attributable to the financial year to correspond with gross premiums written.

###### **ii) Unearned Premiums**

Unearned premiums are calculated on a pro rata per diem basis except for sickness benefit insurances which are earned upon receipt

###### **iii) Acquisition Costs**

Acquisition costs comprise the costs arising from the conclusion of insurance contracts.

###### **iv) Deferred Acquisition Costs and Reinsurance Commissions**

Acquisition costs and reinsurance commissions are deferred over the period in which the related premiums are earned.

###### **v) Provision for Claims**

The provision for claims includes the estimated cost of claims incurred but not settled net of reinsurance at the year-end, and a provision for claims incurred but not reported. This includes loss adjustment expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries

###### **vi) Reinsurance Commissions**

These commissions are recognised in the financial year attributable to risks borne in that year.

###### **vii) Profit Commission**

Profit commission is recognised in the financial statements based on the estimated ultimate premium and the losses incurred on that business. Both these amounts are determined for the purpose of these financial statements taking into account historical trends and current market conditions.

##### **(i) Fixed Asset Investments**

Fixed asset investments are stated at the lower of cost and council members' valuation. Cost includes the Council's estimate of any deferred consideration payable.

# **The Electrical Contractors' Association**

## **Notes To The Accounts (Continued)**

### **For The Year Ended 31st December 2012**

#### **2. Accounting Policies (Continued)**

##### **(j) Current Asset Investments**

- i) Investments are stated in the balance sheet at cost, which in aggregate is below market value. Where dealings in an investment have been suspended, the directors have taken a provision for loss in value. Realised gains and losses on investments are reflected in the revenue account by reference to original cost.
- ii) Realised gains and losses are taxed as capital gains or losses, with the exception of those of the Insurance Companies that are taxed as trading profits or losses.

##### **(k) Stock**

Stocks are valued at the lower of cost and net realisable value after making due allowances for obsolete and slow moving stocks.

##### **(l) Deferred Taxation**

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.

##### **(m) 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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 Recognised Gains and Losses (STRGL) in the period in which they arise.

##### **(n) Operating Leases**

Rentals payable are charged on a time basis over the lease term.

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 3. Continuing and Discontinued Operations

	2012			2011		
	Continuing operations £	Discontinued operations £	Total £	Continuing operations £	Discontinued operations £	Total £
Turnover	19,247,666	174,729	19,422,395	15,706,768	1,755,037	17,461,805
Cost of Sales	(22,143,364)	(165,665)	(22,309,029)	(19,189,675)	(5,089,508)	(24,279,183)
Provision for Lloyds Syndicate Losses	-	(1,486,705)	(1,486,705)	-	(16,448,837)	(16,448,837)
Goodwill Amortisation	-	-	-	-	(1,147,960)	(1,147,960)
Operating deficit	<b>£(2,895,698)</b>	<b>£(1,477,641)</b>	<b>£(4,373,339)</b>	£(3,482,907)	£(19,783,308)	£(23,266,215)

During the year the Association disposed of its interest in Propertyrisk. In 2011 the Association disposed of its interests in TSM Ltd and EC Corporate Underwriting Member Ltd.

#### 4. Turnover

Turnover relates wholly to activities in the United Kingdom.

	2012	2011		Total £
	Total £	Continuing operations £	Discontinued operations £	
Subscriptions	4,053,240	4,064,394	-	4,064,394
Incentive rebate	61,949	(252,174)	-	(252,174)
Commercial services	3,207,407	3,004,839	-	3,004,839
Discontinued Activity	174,729	-	1,045,905	1,045,905
Seminar and health and safety assessment income	1,036,703	1,111,846	-	1,111,846
Inspection and assessment income	4,297,424	3,716,159	-	3,716,159
Sundry income	84,639	147,734	709,132	856,866
	<b>12,916,091</b>	11,792,798	1,755,037	13,547,835
Insurance premiums – net premiums written	6,671,630	4,381,699	-	4,381,699
Change in net provision for unearned premiums	(165,326)	(467,729)	-	(467,729)
Insurance activities	<b>6,506,304</b>	3,913,970	-	3,913,970
	<b>£19,422,395</b>	£15,706,768	£1,755,037	£17,461,805

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

For The Year Ended 31st December 2012

### 5. Cost of Sales

	2012	2011		Total £
	Total £	Continuing operations £	Discontinued operations £	
Administration costs	<b>13,929,866</b>	13,278,255	3,098,752	16,377,007
Discontinued Activity	<b>165,665</b>		842,796	842,796
Goodwill Amortisation			1,147,960	1,147,960
Inspection and assessment costs	<b>4,124,141</b>	3,355,210		3,355,210
Insurance operating costs	<b>1,808,045</b>	164,961		164,961
Regional allocations and office costs	<b>1,718,800</b>	1,753,512		1,753,512
Seminar and health and safety assessment costs	<b>562,512</b>	637,737		637,737
	<b>£22,309,029</b>	£19,189,675	£5,089,508	£24,279,183

### 6. Supplementary Revenue Information

	2012 £	2011 £
The operating surplus/(deficit) for the year is stated after charging:		
Auditors' remuneration: audit	<b>23,350</b>	69,854
tax	<b>4,650</b>	8,250
other services	<b>11,750</b>	8,475
Depreciation	<b>430,742</b>	422,414
Operating lease rentals	<b>347,990</b>	378,914
Surplus on disposal of tangible fixed assets	<b>(17,728)</b>	(46,847)

### 7. Share Of Profits Before Tax And Dividends In Equity Accounted Undertakings

	Holding %	2012 £	2011 £
ESCA Estates Limited	42.86	<b>54,274</b>	59,137
JIB Pension Scheme Trustee Co. Limited	50	-	-
		<b>£54,274</b>	£59,137

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

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31st December 2012**

**8. Investment And Other Income**

	2012	2011
	£	£
Investment income from unitised investments	900,686	805,556
Other investment income	382,894	543,091
Rental income	391,157	310,768
Interest received	53,285	58,635
Statute barred stamps written back	68,964	132,220
Pension finance costs	(198,000)	(15,000)
Interest received from associated undertakings	761	759
	<u>£1,599,747</u>	<u>£1,836,029</u>

**9. Directors' Remuneration**

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

	2012	2011
	£	£
As a director	294,123	272,000
Benefits in kind	10,534	20,439
Pension	37,467	36,031
	<u>£342,124</u>	<u>£328,470</u>
Highest paid director		
Emoluments	180,165	165,690
Pension	20,370	19,029
	<u>£200,535</u>	<u>£184,719</u>

Retirement benefits were accruing for 2 directors of the undertaking's intermediate holding company throughout the year (2011: 2 directors).

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 10. 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:

	<b>2012</b>	2011
	<b>No</b>	No
Administration	<u><b>215</b></u>	<u>258</u>

The aggregate payroll costs of these persons were as follows:

	<b>2012</b>	2011
	<b>£</b>	£
Salaries	<b>8,096,530</b>	9,763,707
Social security costs	<b>897,934</b>	1,064,801
Current pension service costs		
– defined benefits scheme deficit	<b>1,300,000</b>	546,000
– defined contributions scheme	<b>813,989</b>	979,440
– additional employer contributions	<b>112,035</b>	19,398
	<u><b>£11,220,488</b></u>	<u>£12,373,346</u>

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 11. Taxation

	2012	2011
	£	£
UK corporation tax	1,216,851	271,639
Share of corporation tax in equity accounted undertakings	14,176	15,269
Overprovision in prior years	<b>(161,298)</b>	11,606
	<u>1,069,729</u>	<u>298,514</u>
Income tax repayable	<b>(121,039)</b>	(90,419)
Deferred tax charge	<b>(14,453)</b>	(264,636)
Total current tax charge	<u><b>£934,237</b></u>	<u>£(56,541)</u>

The tax assessed for the year differs from the standard corporation tax rate in the UK of 24.50% .

The differences are explained as follows:

	2012	2011
	£	£
Result on ordinary activities before tax	<u><b>£10,903,888</b></u>	<u>£(15,143,178)</u>
Result on ordinary activities before tax multiplied by the standard corporation tax rate of 24.50% (2011: 26.49%)	<b>2,671,452</b>	(4,011,427)
Effects of:		
Depreciation in excess of capital allowances	<b>13,617</b>	(76,901)
Amounts disallowed for tax purposes	<b>238,867</b>	4,176,148
Indexation allowance	<b>(1,259,660)</b>	378,877
Dividend and distribution income	<b>(37,326)</b>	(53,120)
Movement in deferred tax	<b>14,453</b>	264,636
Small companies relief	<b>(2,224)</b>	(3,832)
Losses carried forward against future profits	-	(453,735)
Utilisation of Capital losses brought forward	<b>(188,097)</b>	
Provision for unrealised losses on investments	<b>78,567</b>	(66,413)
Other timing differences	<b>(298,622)</b>	132,677
Overprovision in prior years	<b>(161,298)</b>	11,606
UK corporation tax	<u><b>£1,069,729</b></u>	<u>£298,516</u>

#### DEFERRED TAX

	2012	2011
	£	£
Movement in mark to market insurance gains	<b>14,453</b>	264,636
Origination and reversal of timing differences	-	-
Deferred tax charge for the year	<u><b>14,453</b></u>	<u>264,636</u>
At 1st January 2012	<b>741,923</b>	729,650
Removal of tax asset held in subsidiary disposed of in the year		(252,363)
At 31st December 2012	<u><b>£756,376</b></u>	<u>£741,923</u>

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 12. Accumulated Fund

	2012	2011
	£	£
At 1st January 2012	21,382,020	38,162,557
Result for the financial year		
Holding undertaking	-	-
Subsidiary undertakings	9,929,553	(14,783,679)
Associated undertakings	40,098	43,597
Result for the financial year	9,969,651	(14,740,082)
	31,351,671	23,422,475
Actuarial loss on pension scheme	(87,000)	(2,863,000)
Movement on deferred tax relating to pension asset	(274,000)	817,000
Transfer from revaluation reserve	5,545	5,545
At 31st December 2012	£30,996,216	£21,382,020

Included in the above is an un-distributable amount of £4,799,900 that has been capitalised in a subsidiary company's accounts.

#### 13. Revaluation Reserve

	<i>Share of Associate's revaluation reserve</i>
	£
At 1st January 2012	206,540
Transfer of depreciation on revalued amount in associated company	(5,545)
At 31st December 2012	£200,995

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31st December 2012**

**14. Intangible Fixed Assets**

	<i>Goodwill</i>
	£
COST	
At 1st January 2012	<b>2,459,307</b>
Disposal	<b>(359,328)</b>
	<hr/>
At 31st December 2012	<b>£2,099,979</b>
	<hr/>
AMORTISATION	
At 1st January 2012	<b>2,459,307</b>
Disposal	<b>(359,328)</b>
	<hr/>
At 31st December 2012	<b>£2,099,979</b>
	<hr/>
NET BOOK VALUE	
At 31st December 2012	<b>£ -</b>
	<hr/>
NET BOOK VALUE	
At 31st December 2011	<b>-</b>
	<hr/>

The goodwill arising on the acquisition of ECA Affinity Services Limited in 2007 amounting to £2,099,979 was written off over 5 years.

The goodwill arising on the acquisition of Brandrinks Group Limited in 2007 amounting to £359,328 was written off in the year of acquisition.

**The Electrical Contractors' Association**

**Notes To The Accounts (Continued)**

**For The Year Ended 31st December 2012**

**15. Tangible Fixed Assets**

	<i>Freehold land and buildings</i>	<i>Fixtures, fittings &amp; computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
<b>COST</b>				
At 1st January 2012	<b>5,792,444</b>	<b>2,942,674</b>	<b>460,300</b>	<b>9,195,418</b>
Additions	-	<b>20,114</b>	-	<b>20,114</b>
Disposals	-	<b>(162,470)</b>	<b>(277,912)</b>	<b>(440,382)</b>
At 31st December 2012	<b>5,792,444</b>	<b>2,800,318</b>	<b>182,388</b>	<b>8,775,150</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1st January 2012	<b>779,566</b>	<b>2,170,740</b>	<b>316,173</b>	<b>3,266,479</b>
Charge for year	<b>98,402</b>	<b>303,997</b>	<b>28,343</b>	<b>430,742</b>
Disposals	-	<b>(138,412)</b>	<b>(198,255)</b>	<b>(336,667)</b>
At 31st December 2012	<b>877,968</b>	<b>2,336,325</b>	<b>146,261</b>	<b>3,360,554</b>
<b>NET BOOK VALUE</b>				
At 31st December 2012	<b>£4,914,476</b>	<b>£463,993</b>	<b>£36,127</b>	<b>£5,414,596</b>
At 31st December 2011	<b>£5,012,878</b>	<b>£771,934</b>	<b>£144,127</b>	<b>£5,928,939</b>

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 16. Fixed Asset Investments

	2012 £	2011 £
Shares in associated undertakings at cost:		
ESCA Estates Limited	30,000	30,000
JIB Pension Scheme Trustee Co. Limited	50	50
	<u>30,050</u>	<u>30,050</u>
Share of retained reserves in associated undertakings:		
ESCA Estates Limited	512,964	527,322
JIB Pension Scheme Trustee Co. Limited	-	-
	<u>512,964</u>	<u>527,322</u>
Share of revaluation reserve in ESCA Estates Limited	<u>200,996</u>	<u>206,541</u>
Total fixed asset investments at cost	<u><u>£744,010</u></u>	<u><u>£763,913</u></u>

#### Subsidiary Undertakings

<i>Name Of Company</i>	<i>Shares Held</i>	<i>% Of Shares Held Directly Or Indirectly</i>	<i>Principal Activity</i>
The Electrical Contractors Association Limited	6% Cumulative Preference Shares	100%	Trade Association
ECA Affinity Services Limited	£1 Ordinary Shares	100%	Dormant
EC Insurance Holdings Limited	£1 Ordinary Shares	100%	Insurance holding company

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

Electrical Contractors' Insurance Company Limited	Ord £1	100%	Insurance
Electrical Contractors Insurance Services Limited	Ord £1	100%	Insurance mediation services
Brandrisks Group Limited	Ord £1	100%	Holding company
Brandrisks Limited	Ord £1	100%	Insurance mediation services
Propertyrisks Limited	Ord £1	100%	Dormant
Sportsrisks Limited	Ord £1	100%	Dormant

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

#### Associated Undertakings

<i>Name Of Company</i>	<i>Shares Held</i>	<i>% Of Shares Held (Indirectly)</i>	<i>Principal Activity</i>
ESCA Estates Limited	£1 Ordinary Shares	42.857%	Property Company
JIB Pension Scheme Trustee Co. Limited	£1 Ordinary Shares	50%	Manager of BlueSky Pension Scheme

All subsidiary undertakings, associated undertakings and other fixed asset investments are registered in England and Wales.

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 17. Current Asset Investments

	2012	2011
	£	£
<b>COST</b>		
Listed securities:		
UK		
- Unitised funds	13,687,507	24,947,272
Overseas		
- Unitised funds	17,372,978	18,086,391
- Provision for loss of value	(1,452,149)	(2,091,493)
Short term deposits awaiting investment	332,974	78,783
	<b>£29,941,310</b>	<b>£41,020,953</b>
 <b>MARKET VALUE</b>		
Listed securities:		
UK		
- Unitised funds	14,887,908	33,046,350
Overseas		
- Unitised funds	18,023,336	17,041,367
Short term deposits awaiting investment	332,974	78,783
	<b>£33,244,218</b>	<b>£50,166,500</b>
 Investments pledged at Lloyds		
<b>COST</b>		
Listed securities:		
- UK Unitised funds	9,503,318	10,686,409
Short term deposits awaiting investment	544,005	-
	<b>£10,047,323</b>	<b>£10,686,409</b>
 <b>MARKET VALUE</b>		
Listed securities:		
- UK Unitised funds and cash deposits	<b>12,186,587</b>	<b>15,424,771</b>

The short term deposits awaiting investment represents funds available for investment in securities held on behalf of the Group by RCM (UK) Limited, the Group's investment portfolio manager.

Securities and deposits with a market value at 31 December 2012 of £12,186,587 (2011: £15,424,771) have been pledged as collateral with the Society and Corporation of Lloyd's to cover the Company's capital requirements for the run-off of the 2010 and 2011 years of account. The liability at 31 December 2012 was £8,050,354 (2011: £15,651,459).

Dealings in one of the overseas unitised funds have been suspended pending its closure and the directors believe it to be prudent to maintain the provision for the loss in value.

Due to the investments being carried at the lower of cost or market value, no provision is made for the taxation that would be due on the gains when realised.

**The Electrical Contractors' Association**  
**Notes To The Accounts (Continued)**  
**For The Year Ended 31st December 2012**

**18. Debtors**

	<b>2012</b>	2011
	£	£
Trade debtors	<b>3,673,036</b>	3,475,085
Other debtors	<b>491,311</b>	359,741
Deferred tax	<b>756,376</b>	741,923
Due from associated undertakings	<b>35,076</b>	35,076
Prepayments and accrued income	<b>419,334</b>	425,378
	<b>£5,375,133</b>	£5,037,203

The deferred tax asset will not be recoverable until 2013 onwards.

**19. Creditors: amounts falling due within one year**

	<b>2012</b>	2011
	£	£
Trade creditors	<b>5,332,762</b>	11,295,782
Corporation tax	<b>931,739</b>	159,980
Other taxation and social security costs	<b>209,307</b>	377,970
Other creditors	<b>1,450,514</b>	2,296,764
Due to associated undertakings	<b>33,147</b>	28,612
Accruals and deferred income	<b>2,348,967</b>	2,154,710
Call due on Lloyd's underwriting	<b>394,657</b>	9,086,000
	<b>10,701,093</b>	25,399,818
Insurance funds – unearned premiums reserve	<b>2,822,687</b>	2,657,360
	<b>£13,523,780</b>	£28,057,178

**20. Provision For Liabilities And Charges**

	<b>2012</b>	2011
	£	£
Insurance funds		
Claims outstanding and provisions including IBNR	<b>£7,356,971</b>	£7,872,976

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 21. Creditors: amounts due after more than one year

	2012	2011
	£	£
Provision for expected 2010 and 2011 Lloyd's year of accounts losses	<u>7,655,697</u>	<u>6,565,459</u>

#### 22. Pension Scheme Deficit

The Electrical Contractors' Association operates a pension scheme for the employees of the Association, its wholly owned subsidiaries, Esca Estates Limited, the Joint Industry Board and the JIB Pension Trustee Company Ltd. The assets of the scheme are held separately from those of the Group.

##### Defined Benefit Scheme

The Defined Benefit Scheme provided 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 to Defined Contribution Scheme with effect from 1 January 2011.

The following disclosures are based on a formal actuarial valuation as at 31st December 2010. The service cost excludes costs relating to the defined contribution scheme, expenses (including Pension Protection Fund levies) and insurance premiums. The employee contributions include those paid by salary sacrifice.

	2012	2011
	£'000s	£'000s
<b>Change in benefit obligation</b>		
Benefit obligation at 1st January 2012	27,354	26,743
Current service cost	57	57
Interest cost	1,291	1,371
Plan participants' contributions	-	1
Actuarial losses	885	1,906
Benefits paid	(986)	(2,724)
Plan curtailments	-	-
Benefit obligation at 31st December 2012	<u>28,601</u>	<u>27,354</u>
<b>Change in plan assets</b>		
Fair value of plan assets at 1st January 2012	22,254	23,360
Expected return on plan assets	1,150	1,356
Actuarial losses	798	(957)
Employer contributions (incl. employer direct benefit payments)	1,300	1,218
Member contributions	-	1
Benefits paid	(986)	(2,724)
Fair value of plan assets at 31st December 2012	<u>24,516</u>	<u>22,254</u>

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 22. Pension Scheme Deficit (Continued)

	2012 £'000s	2011 £'000s
<b>Amounts recognised in the balance sheet</b>		
<i>Plans that are wholly unfunded and plans that are wholly or partly funded</i>		
Present value of wholly or partly funded obligations	28,601	27,354
Fair value of plan assets	24,516	22,254
Funded status	(4,085)	(5,100)
Unrecognised past service cost (benefit)	-	-
Related deferred tax asset	1,001	1,275
Net liability	<u>£(3,084)</u>	<u>£(3,825)</u>
<i>Amounts in the balance sheet</i>		
Liabilities	(3,084)	(3,825)
Assets	-	-
Net liability	<u>£(3,084)</u>	<u>£(3,825)</u>
<b>Components of pension cost</b>		
<i>Amounts recognised in the revenue statement</i>		
Current service cost	57	57
Interest cost	1,291	1,371
Expected return on plan assets	(1,150)	(1,356)
Curtailment gain recognised	-	-
Total pension cost recognised in the revenue account	<u>£198</u>	<u>£72</u>
<i>Actual return on assets</i>	<u>£1,948</u>	<u>£399</u>
<i>Actual recognised in STRGL</i>		
Actuarial losses / (gains) immediately recognised	87	2,863
Effect of asset limit	-	-
Total pension cost recognised in the STRGL	<u>£87</u>	<u>£2,863</u>
Cumulative amount of actuarial losses immediately recognised	<u>£12,520</u>	<u>£12,433</u>
<b>Principal actuarial assumptions</b>		
<i>Weighted average assumptions used to determine benefit obligations at:</i>		
Discount rate	4.60%	4.80%
Rate of price inflation (RPI)	2.92%	3.00%
Rate of price inflation (CPI)	2.20%	2.30%
Rate of pension increases	2.90%	3.00%
<i>Weighted average assumptions used to determine net pension cost:</i>		
Discount rate	4.80%	5.40%
Expected long-term return on plan assets	5.13%	6.00%
Rate of salary increase	N/A	N/A
Rate of price inflation	3.00%	3.30%
Rate of pension increases (LPI 5%)	3.00%	3.30%
<i>Weighted life expectancy on retirement at age 45:</i>		
Male age 65 (current life expectancy)	23.1	23.0
Male age 45 (life expectancy at age 65)	24.9	24.8
Female age 65 (current life expectancy)	25.4	25.2
Female age 45 (life expectancy at age 65)	27.4	27.3

# The Electrical Contractors' Association

## Notes To The Accounts (Continued)

### For The Year Ended 31st December 2012

#### 22. Pension Scheme Deficit (continued)

	<b>2012</b>	2011
	<b>£'000s</b>	£'000s
<b>Plan assets</b>		
<i>Percentage of plan assets by asset allocation</i>		
Absolute return	<b>100%</b>	100%
<i>Percentage of plan assets by asset allocation</i>		
Absolute return	<b>5.27%</b>	5.13%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on the absolute return portfolio and the historical relationship between the expected return on assets and the discount rate. This resulted in the selection of the 5.27% assumption as at 31 December 2012.

#### Five year history

	<b>2012</b>	2011	2010	2009	2008
	<b>£'000s</b>	£'000s	£'000s	£'000s	£'000s
Benefit obligation at 31st December	<b>28,601</b>	27,354	26,743	24,858	20,909
Fair value of plan assets at 31st December	<b>24,516</b>	22,254	23,360	20,993	18,820
Deficit	<b>£(4,085)</b>	£(5,100)	£(3,383)	£(3,865)	£(2,089)

Difference between expected and actual returns on scheme assets:

	<b>2012</b>	2011	2010	2009	2008
Amount	<b>(798)</b>	957	(1,202)	(1,158)	5,332
percentage of scheme assets	<b>-3%</b>	4%	-5%	-6%	28%

Experience gains and losses on scheme liabilities:

Amount	<b>-</b>	343	(711)	-	-
percentage of scheme liabilities	<b>0%</b>	1%	-3%	0%	0%

Since 1st January 2006, and until closure, the employer level of contribution was 17.3% and the employee contribution from 1st April 2006 was 7%. Administration fees and Life Assurance premiums were payable in addition. The defined benefit pension contributions paid by the Group in the year amounted to £1,300,000 (2011: £546,000). Employees were granted the option to enhance and maintain benefits at the pre-April 2003 level, but at their own cost.

#### Defined Contribution Scheme

The employer contributes 5% or 12.5% of pensionable earnings to a group occupational pension provider. The contributions paid by the Group under this scheme in the year amounted to £926,024 (2011: £803,988). The employee's contribution to this scheme is at 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 2012

### 23. Operating Lease Commitments

At the year end the group had the following annual operating lease commitments expiring:

	2012		2011	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Within one year	167,116	-	198,793	-
Between two to five years	-	180,874	-	180,121
	<u>£167,116</u>	<u>£180,874</u>	<u>£198,793</u>	<u>£180,121</u>

### 24. Related Party Transactions

	2012 £	2011 £
Transactions with related parties:		
Management fee from ESCA Estates Limited	15,000	15,000
Rent paid to ESCA Estates Limited	68,000	68,000
Service charges paid to Esca Estates Limited	261,068	228,882
Dividend received from Esca Estates Limited	60,000	60,000
Balances due from / (to) related parties:		
JIB Pension Scheme Trustee Company Limited	35,077	35,077
ESCA Estates Limited	(33,147)	(28,612)

ESCA Estates Limited and JIB Pension Scheme Trustee Company Limited are associated undertakings of the Electrical Contractors' Association.

### 25. Post Balance Sheet Events

On 1st April 2013, the Inspection and Assessment activities of ECA Certification Ltd and ECA Service Division together with the Short Courses were transferred into a joint venture, Certsure LLP. ECA's share of the projected results show an increase over the historical returns from these activities. In the first period of trading it is expected the return will be £335,000, an improvement of £16,000.

### 26. Ultimate Controlling Party

The Council Members consider there to be no ultimate controlling party.

**The Electrical Contractors' Association**  
**Consolidated Cash Flow Statement**  
**For The Year Ended 31st December 2012**

**CASH FLOW STATEMENT**

		<b>2012</b>	2011
	Notes	£	£
Net cash outflow from operating activities	1	<b>(19,384,157)</b>	(17,883,113)
Return on investments and servicing of finance	2	<b>14,574,533</b>	8,211,453
Taxation paid		<b>(149,236)</b>	(71,937)
Net cash inflow from investing activities	3	<b>101,329</b>	514,405
		<hr/>	<hr/>
Cash outflow before management of liquid resources		<b>(4,857,531)</b>	(9,229,192)
Management of liquid resources	4	<b>11,718,729</b>	7,936,517
		<hr/>	<hr/>
Cash inflow / (outflow) for the year		<b>£6,861,198</b>	£(1,292,675)
		<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

Increase/(decrease) in cash in the period		<b>6,861,198</b>	(1,292,675)
Cash outflow from change in liquid resources	4	<b>(11,718,729)</b>	(7,936,517)
		<hr/>	<hr/>
Changes in net funds in the period		<b>(4,857,531)</b>	(9,229,192)
Net funds at 1st January 2012		<b>56,017,497</b>	65,246,689
		<hr/>	<hr/>
Net funds at 31st December 2012	5	<b>£51,159,966</b>	£56,017,497
		<hr/> <hr/>	<hr/> <hr/>

# The Electrical Contractors' Association

## Consolidated Cash Flow Statement

For The Year Ended 31st December 2012

### Notes To The Cash Flow Statement

#### 1. Reconciliation of operating deficit to operating cash flows

	2012	2011
	£	£
Operating deficit per Revenue Account	<b>(4,373,339)</b>	(23,266,215)
Depreciation	<b>430,742</b>	422,414
Impairment of goodwill	-	1,147,960
(Profit)/Loss on disposals	<b>(17,728)</b>	-
Decrease in insurance funds	<b>(516,005)</b>	(1,738,243)
Pension cost less contributions	<b>(1,042,000)</b>	15,000
Decrease / (increase) in stocks	<b>37,667</b>	(113,233)
(Increase) / decrease in debtors	<b>(337,930)</b>	1,449,587
(Decrease) / increase in creditors	<b>(13,565,564)</b>	4,199,617
	<b>(15,010,818)</b>	5,383,102
<b>Net cash outflow from operating activities</b>	<b>£(19,384,157)</b>	£(17,883,113)

#### 2. Returns on investments and servicing of finance

	2012	2011
	£	£
Gain on sale of investments	<b>13,043,750</b>	6,507,658
Interest received	<b>54,046</b>	59,394
Net investment income	<b>1,283,580</b>	1,348,647
Pension finance costs	<b>(198,000)</b>	(15,000)
Rental income	<b>391,157</b>	310,768
Interest paid	-	(14)
	<b>£14,574,533</b>	£8,211,453

#### 3. Investing activities

	2012	2011
	£	£
Purchase of tangible fixed assets	<b>(20,114)</b>	(184,007)
Sale of tangible fixed assets	<b>121,443</b>	209,296
Repayment of loans from disposed		2,325,980
Cost of sale of subsidiary business		(1,022,864)
Advances to disposed businesses		(814,000)
Loans repaid excluding acquisitions	-	-
	<b>£101,329</b>	£514,405

# The Electrical Contractors' Association

## Consolidated Cash Flow Statement

For The Year Ended 31st December 2012

### Notes To The Cash Flow Statement (Continued)

#### 4. Management of liquid resources

	2012 £	2011 £
Net disposals of current asset investments	<b>£11,718,729</b>	£7,936,517

#### 5. Analysis of net funds

	At 1 January 2012 £	Cash Flows £	At 31 December 2012 £
Cash at bank and in hand	4,310,135	6,861,198	11,171,333
Investments and cash held by portfolio managers	41,020,953	(11,079,643)	29,941,310
Investments pledged for over one year	10,686,409	(639,086)	10,047,323
	<b>£56,017,497</b>	<b>£(4,857,531)</b>	<b>£51,159,966</b>