

THE ELECTRICAL CONTRACTORS' ASSOCIATION
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2013

The Electrical Contractors' Association

Strategic Report Of The Council

For The Year Ended 31st December 2013

The Council presents their strategic report for the year ended 31st December 2013.

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.

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.

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 2,792 to 2,728 in 2013.
- Investments
Investments are held to provide a dividend return and capital growth to help fund the Group's activities. The investments are held in a combination of cash and liquid unit trusts where the underlying assets are a mixture of investment-grade bonds.
- Insurance Company Capital and Financial Rating
ECIC seeks to maintain a high financial rating, as issued by a recognised rating agency. This is A – (secure) which was first awarded by AM Best in July 2010 and retained in 2013.

DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

As reported in the Association's report on page 6, the Association shows a profit for the year before tax of £4,036,980 (2012: £10,903,888).

The operating loss before investment income on continuing activities has increased from £2.978m to £4.946m due mainly to the underwriting losses in ECIC of £3.116m in the year as against an underwriting profit of £0.812m in 2012. This loss included reserve strengthening in respect of asbestosis claims of £1.358m. Offset against this increase was the improvement in ECA Limited's operating loss by £1.805m in the year partly explained by the accelerated payment of pension deficit in 2012 (£1.036m) and a planned reduction in operating expenditure.

The profit for the year includes a surplus of £5.684m arising from the closure of the Association's exposure to the Lloyds Syndicate. Following the reinsurance to close contract in February 2014, the final cash call is £1.948m, £5.684m lower than the amount provided in last year's accounts. The Association is required to lodge collateral to meet future liabilities and at the end of the year investments with a market value of £11.254m were pledged with the society of Lloyd's as collateral as compared to the outstanding liability of £1.948m at that time. (see notes 7,18 & 26).

The share of profits from Certsure for the first 9 months trading are disclosed under note 8 and are ahead of budget.

The insurance division, during 2013, 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 its partner brokers affinity groups and associations has remained at the forefront of activity. New business and renewal

The Electrical Contractors' Association

Strategic Report Of The Council (continued)

For The Year Ended 31st December 2013

DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

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.

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

FINANCIAL POSITION AT THE REPORTING DATE

The balance sheet shows that the Association's net assets at the year-end have increased from £31.2m to £36.0m. This is due to the £4.9m net profit in 2013. The Association had cash at bank of £14.8m and an overdraft of £3.4m on a separate account. The Association does not have an overdraft facility but there is a facility to aggregate and offset balances in ECA Limited with that of EC Insurance Holdings Limited.

PRINCIPAL RISKS FACING THE BUSINESS

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

Council, mindful of the considerable impact that the Lloyd's venture has had on Association's reserves, has implemented change to the business model of the Association, so that the provision of its core member services and benefits become less reliant on future returns from commercial investments and any drawdown from reserves. Interim targets have been set and exceeded. The journey continues into 2014 and those targets are on course to be met without any reduction in members' services.

ECIC has continued to address key aspects of governance, risk management and reporting, with the business implementing further changes to its governance structures and internal risk management processes during the year. The discipline and rigour of working to achieve compliance with Solvency II has been good for the business and its systems and processes have improved significantly as it aligns itself to the Solvency II regime and the expectations of rating agencies. AM Best re-affirmed ECIC's A- (secure) financial strength in 2013.

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

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

The pension scheme deficit as detailed in note 23 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.

By Order of the Council
M J BURNLEY
Secretary

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

31 July 2014

The Electrical Contractors' Association

Report Of The Council

For The Year Ended 31st December 2013

The Council presents their report and financial statements for the year ended 31st December 2013.

FINANCIAL INSTRUMENTS

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

FUTURE DEVELOPMENTS

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

EVENTS POST BALANCE SHEET DATE

The exposure to the 2010 and 2011 underwriting years at the Lloyds Syndicate was finalised through a reinsurance to close contract taken out in February 2014. There was a further cash call of £1.948m in June 2014. This has resulted in the release of investments held at Lloyds of circa £9.5m.

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.

GOING CONCERN

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

DISCLOSURE IN THE COUNCIL REPORT

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

MEMBERS OF THE COUNCIL

The members who served during the period were:

Appel, I. (from 14.05.2014)	Hope, A. (to 14.05.2014)	Smith, M. (from 14.05.2014)
Bailey, M.R.	Kieft, D.	Smithson, B. (from 14.05.2014)
Basham, A.T.	Lilley, M. (to 14.05.2014)	Smyth, S.
Bratt, S.	Lewis, D. (to 24.04.2013)	Sumner, P. (to 14.05.2014)
Bromyard, D. (from 20.06.2013 to 22 04.2014)	McNaughton, P.	Teader, G.
Crofts, M.	McSean, B.	Thompson, M. (from 24.04.2013)
Darragh, L. (from 24.07.2013)	Metcalfe, G. (to 24.07.2013)	Timmins, G. (from 24.04.2013)
Delaney, K. (to 24.04.2013)	Murley, K.	Walker, S.
Fagg, P.	Murray, S. (from 14.05.2014)	Wright, W. (to 4.12.2013)
Gorman, T. (from 24.04.2013 to 14.05.2014)	Pearson, A. (to 24.04.2013)	
	Prout, I. (from 14.05.2014)	
	Salter, D.	

The Electrical Contractors' Association

Report Of The Council (Continued)

For The Year Ended 31st December 2013

STATEMENT OF COUNCIL RESPONSIBILITIES

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

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

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

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

INFORMATION TO AUDITORS

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

AUDITORS

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

By Order of the Council
M J BURNLEY
Secretary

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

31 July 2014

The Electrical Contractors' Association

Independent Auditors' Report

To The Members Of The Electrical Contractors' Association

We have audited the financial statements of The Electrical Contractors' Association for the year ended 31st December 2013 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 and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31st December 2013 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters

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

Matters on which we are required to report by exception

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

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

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

26 Red Lion Square
London
WC1R 4AG

31 July 2014

The Electrical Contractors' Association

Consolidated Revenue Account

For The Year Ended 31st December 2013

		2013	2012
	Notes	£	£
Turnover	3 & 4		
Continuing Activities		17,546,359	15,165,248
Discontinued Activities		1,047,896	4,773,152
		<u>18,594,255</u>	<u>19,938,400</u>
Cost of sales	3 & 5		
Continuing Activities		(22,492,483)	(18,142,888)
Discontinued Activities		(1,065,442)	(4,536,610)
		<u>(23,557,925)</u>	<u>(22,679,498)</u>
Operating deficit before investment income and exceptional income	3 & 6		
Continuing Activities		(4,946,124)	(2,977,640)
Discontinued Activities		(17,546)	236,542
		<u>(4,963,670)</u>	<u>(2,741,098)</u>
Exceptional Income/(costs)	7	<u>5,684,724</u>	<u>(1,486,705)</u>
Operating surplus/(deficit) before investment income		721,054	(4,227,803)
Share of profits in equity accounted undertakings	8	286,612	54,274
Investment and other income	9	912,366	1,454,211
Profit on disposal of discontinued operations		-	1,473,582
Gain on sale of investments		2,116,948	12,149,624
Profit on ordinary activities before taxation		<u>4,036,980</u>	<u>10,903,888</u>
Taxation on ordinary activities	12	<u>866,532</u>	<u>(934,237)</u>
Retained profit for the financial year	13	<u><u>4,903,512</u></u>	<u><u>9,969,651</u></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 2013

Statement of Total Recognised Gains and Losses

		2013	2012
	Notes	£	£
Result for the financial year		4,903,512	9,969,651
Actuarial losses on net pension costs	23	34,000	(87,000)
Movement on deferred tax relating to pension deficit		(144,000)	(274,000)
Total recognised gains relating to the year		4,793,512	9,608,651

Note of Historical Cost Surplus and Deficit

	2013	2012
	£	£
Reported surplus on ordinary activities before taxation	4,036,980	10,903,888
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount in associated undertaking	5,545	5,545
Historical cost surplus on ordinary activities before taxation	£4,042,525	£10,909,433
Historical cost surplus for the year retained after taxation	£4,909,057	£9,975,196

Reconciliation of Movements in Members' Funds

	2013	2012
	£	£
Result for the financial year	4,903,512	9,969,651
Other recognised losses	(110,000)	(361,000)
Members' funds at 1st January 2013	31,197,211	21,588,560
Members' funds at 31st December 2013	£35,990,723	£31,197,211

The Electrical Contractors' Association

Consolidated Balance Sheet

At 31st December 2013

		2013	2012
		£	£
Fixed assets			
Intangible fixed assets	Notes 15	-	-
Tangible fixed assets	16	5,148,046	5,414,596
Investments	17	1,015,067	744,010
		<u>6,163,113</u>	<u>6,158,606</u>
Current assets			
Investments	18	28,235,810	29,941,310
Investments pledged at Lloyds	18	10,051,024	10,047,323
Stock		-	123,954
Debtors	19	8,724,963	5,375,133
Cash at bank and in hand		11,414,012	11,171,333
		<u>58,425,809</u>	<u>56,659,053</u>
Creditors:			
Amounts falling due within one year	20	(14,154,581)	(13,523,780)
Provision for other liabilities and charges	21	(11,219,618)	(7,356,971)
		<u>(25,374,199)</u>	<u>(20,880,751)</u>
Net current assets		33,051,610	35,778,302
Total assets less current liabilities		<u>39,214,723</u>	<u>41,936,908</u>
Creditors:			
Amounts falling due after one year	22	-	(7,655,697)
Net assets before pension deficit		<u>39,214,723</u>	<u>34,281,211</u>
Pension scheme deficit	23	(3,224,000)	(3,084,000)
Net Assets Including Pension Deficit		<u>£35,990,723</u>	<u>£31,197,211</u>
Reserves			
Accumulated fund	13	35,795,273	30,996,216
Revaluation reserve	14	195,450	200,995
Total Funds		<u>£35,990,723</u>	<u>£31,197,211</u>

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

.....
A Basham

.....
P Fagg

31 July 2014

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

The Electrical Contractors' Association

Balance Sheet

At 31st December 2013

	2013	2012
	£	£
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:

.....
A Basham

.....
P Fagg

31 July 2014

The Electrical Contractors' Association

Notes To The Accounts

For The Year Ended 31st December 2013

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 33 $\frac{1}{3}$ % per annum. Motor vehicles at a rate of 33 $\frac{1}{3}$ % 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 2013

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 2013

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 2013

3. Continuing and Discontinued Operations

	2013			2012		
	Continuing operations £	Discontinued operations £	Total £	Continuing operations £	Discontinued operations £	Total £
Turnover	17,546,359	1,047,896	18,594,255	15,165,248	4,773,152	19,938,400
Cost of Sales	(22,492,483)	(1,065,442)	(23,557,925)	(18,142,888)	(4,536,610)	(22,679,498)
Operating deficit	£(4,946,124)	£(17,546)	£(4,963,670)	£(2,977,640)	£236,542	£(2,741,098)

During the year the Association transferred its commercial training, inspection and assessment activities into a joint venture, Certsure LLP, with effect from 1st April 2013. In 2012 the Association disposed of its interests in PropertyRisks.

4. Turnover

	2013			2012
	Continuing operations £	Discontinued operations £	Total £	Total £
Subscriptions	3,615,782		3,615,782	4,053,240
Incentive rebate	59,510		59,510	61,949
Commercial services	4,034,476		4,034,476	3,207,407
Sundry income	20,853		20,853	84,639
Health and safety assessment income	680,261		680,261	735,704
	8,410,882		8,410,882	8,142,939
Discontinued Activities:				174,729
Seminar income		83,299	83,299	300,999
Inspection and assessment income		964,597	964,597	4,297,424
	8,410,882	1,047,896	9,458,778	12,916,091
Insurance premiums – net premiums written	10,548,753		10,548,753	7,187,635
Change in net provision for unearned premiums	(1,413,276)		(1,413,276)	(165,326)
Insurance activities	9,135,477		9,135,477	7,022,309
	17,546,359	1,047,896	£18,594,255	£19,938,400

Turnover relates wholly to activities in the United Kingdom.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

5. Cost of Sales

	2013			2012
	Continuing operations	Discontinued operations	Total	Total
	£	£	£	£
Administration costs	12,795,623		12,795,623	13,263,847
Health and safety assessment	579,949		579,949	315,708
Insurance operating costs	7,570,375		7,570,375	2,844,533
Regional allocations and office costs	1,546,536		1,546,536	1,718,800
	22,492,483	-	22,492,483	18,142,888
Discontinued activities				165,665
Inspection and assessment costs		957,078	957,078	4,124,141
Seminar and health and safety assessment costs		108,364	108,364	246,804
	-	1,065,442	1,065,442	4,536,610
	£22,492,483	£1,065,442	£23,557,925	£22,679,498

6. Supplementary Revenue Information

	2013 £	2012 £
The operating surplus for the year is stated after charging:		
Auditors' remuneration: audit	19,500	23,350
tax	5,000	4,650
other services	10,500	11,750
Depreciation	205,335	430,742
Operating lease rentals	274,223	347,990
Loss/(surplus) on disposal of tangible fixed assets	1,711	(17,728)

7. Exceptional income/(costs)

	2013 £	2012 £
Reduction in provision for Syndicate's losses at Lloyds	£5,684,724	£(1,486,705)

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

8. Share Of Profits Before Tax And Dividends 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 %	2013 £	2012 £
ESCA Estates Limited	42.86	60,612	54,274
JIB Pension Scheme Trustee Co. Limited	50	-	-
Certsure LLP	25	226,000	-
		£286,612	£54,274

9. Investment And Other Income

	2013 £	2012 £
Investment income from unitised investments	646,126	900,686
Other investment income	13,356	382,894
Rental income	234,880	245,621
Interest received	40,903	53,285
Statute barred stamps written back	70,340	68,964
Pension finance costs	(94,000)	(198,000)
Interest received from associated undertakings	761	761
	£912,366	£1,454,211

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

10. Directors' Remuneration

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

	2013	2012
	£	£
As a director	294,119	294,123
Benefits in kind	11,780	10,534
Pension	36,037	37,467
	£341,936	£342,124
Highest paid director		
Emoluments	179,426	180,165
Pension	20,554	20,370
	£199,980	£200,535

Retirement benefits were accruing for 2 directors of the undertaking's intermediate holding company throughout the year (2012: 2 directors).

11. 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:

	2013	2012
	No	No
Administration	153	215

The aggregate payroll costs of these persons were as follows:

	2013	2012
	£	£
Salaries	6,571,929	8,096,530
Social security costs	739,315	897,934
Current pension service costs		
– defined benefits scheme deficit	64,000	1,300,000
– defined contribution scheme	586,651	813,989
– additional employer contributions	18,318	112,035
	£7,980,213	£11,220,488

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

12. Taxation

	2013	2012
	£	£
UK corporation tax	(1,131,977)	1,216,851
Share of corporation tax in equity accounted undertakings	15,555	14,176
Overprovision in prior years	(146,364)	(161,298)
	<u>(1,262,786)</u>	<u>1,069,729</u>
Income tax repayable	(109,319)	(121,039)
Deferred tax charge	505,573	(14,453)
Total current tax charge	<u>£(866,532)</u>	<u>£934,237</u>

The tax assessed for the year differs from the standard corporation tax rate in the UK of 23.25% .

The differences are explained as follows:

	2013	2012
	£	£
Result on ordinary activities before tax	<u>£4,036,980</u>	<u>£10,903,888</u>
Result on ordinary activities before tax multiplied by the standard corporation tax rate of 23.25% (2012: 24.50%)	938,597	2,671,452
Effects of:		
Depreciation in excess of capital allowances	31,623	13,617
Amounts disregarded for tax purposes	(1,353,732)	238,867
Indexation allowance	(202,824)	(1,259,660)
Dividend and distribution income	29,912	(37,326)
Movement in deferred tax	(505,573)	14,453
Small companies relief	(60,496)	(2,224)
Losses carried forward against future profits	6,170	-
Utilisation of Capital losses brought forward	-	(188,097)
Provision for unrealised losses on investments	-	78,567
Other timing differences	(99)	(298,622)
Overprovision in prior years	(146,364)	(161,298)
UK corporation tax	<u>£(1,262,786)</u>	<u>£1,069,729</u>

DEFERRED TAX	2013	2012
	£	£
Movement in mark to market insurance gains	<u>(505,573)</u>	<u>14,453</u>
Deferred tax charge for the year	(505,573)	14,453
At 1st January 2013	756,376	741,923
At 31st December 2013	<u>£250,803</u>	<u>£756,376</u>

As explained in note 2(b) the accounts are not drawn up in accordance with Schedule 3 to the Companies Act 2006 (applicable to insurance companies) with the effect that the group accounts recognise tax on mark to market movements but not the corresponding unrealised investment movement.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

13. Accumulated Fund

	2013	2012
	£	£
At 1st January 2013	30,996,216	21,382,020
Result for the financial year		
Holding undertaking	-	-
Subsidiary undertakings	4,632,455	9,929,553
Associated undertakings	271,057	40,098
Result for the financial year	4,903,512	9,969,651
	<hr/> 35,899,728	<hr/> 31,351,671
Actuarial loss on pension scheme	34,000	(87,000)
Movement on deferred tax relating to pension asset	(144,000)	(274,000)
Transfer from revaluation reserve	5,545	5,545
	<hr/> <hr/> £35,795,273	<hr/> <hr/> £30,996,216

14. Revaluation Reserve

	<i>Share of Associate's revaluation reserve</i>
	£
At 1st January 2013	200,995
Transfer of depreciation on revalued amount in associated company	(5,545)
	<hr/> £195,450 <hr/> <hr/>

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

15. Intangible Fixed Assets

	<i>Goodwill</i> £
COST	
At 1st January 2013	2,099,979
Disposal	-
	<hr/>
At 31st December 2013	£2,099,979
	<hr/> <hr/>
AMORTISATION	
At 1st January 2013	2,099,979
Disposal	-
	<hr/>
At 31st December 2013	£2,099,979
	<hr/> <hr/>
NET BOOK VALUE	
At 31st December 2013	£ -
	<hr/> <hr/>
NET BOOK VALUE	
At 31st December 2012	£ -
	<hr/> <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 Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

16. Tangible Fixed Assets

	<i>Freehold land and buildings</i>	<i>Fixtures, fittings & computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
COST				
At 1st January 2013	5,792,444	2,800,318	182,388	8,775,150
Additions	-	20,694	-	20,694
Disposals	-	(631,506)	(159,862)	(791,368)
At 31st December 2013	5,792,444	2,189,506	22,526	8,004,476
ACCUMULATED DEPRECIATION				
At 1st January 2013	877,968	2,336,325	146,261	3,360,554
Charge for year	98,402	100,998	5,935	205,335
Disposals	-	(579,789)	(129,670)	(709,459)
At 31st December 2013	976,370	1,857,534	22,526	2,856,430
NET BOOK VALUE				
At 31st December 2013	£4,816,074	£331,972	-	£5,148,046
At 31st December 2012	£4,914,476	£463,993	£36,127	£5,414,596

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

17. Fixed Asset Investments

	2013 £	2012 £
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	563,566	512,964
JIB Pension Scheme Trustee Co. Limited	-	-
Certsure LLP	226,000	-
	<u>789,566</u>	<u>512,964</u>
Share of revaluation reserve in ESCA Estates Limited	195,451	200,996
	<u>195,451</u>	<u>200,996</u>
Total fixed asset investments at cost	<u><u>£1,015,067</u></u>	<u><u>£744,010</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%	Dormant
Brandrisks 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.

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

17. Fixed Asset Investments continued.

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
Certsure LLP		25%	Certification and assessment

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

18. Current Asset Investments

	2013	2012
	£	£
LISTED SECURITIES		
COST		
- UK Unitised funds	14,114,027	13,687,507
- Overseas Unitised funds	13,848,360	17,372,978
- Provision for loss of value on Overseas funds	-	(1,452,149)
Short term deposits awaiting investment	273,423	332,974
	<u>£28,235,810</u>	<u>£29,941,310</u>
MARKET VALUE		
- UK Unitised funds	14,450,758	14,887,908
- Overseas Unitised funds	14,705,927	18,023,336
Short term deposits awaiting investment	273,423	332,974
	<u>£29,430,108</u>	<u>£33,244,218</u>
Investments pledged at Lloyds		
COST		
- UK Unitised funds	9,298,486	9,503,318
Short term deposits awaiting investment	752,538	544,005
	<u>£10,051,024</u>	<u>£10,047,323</u>
MARKET VALUE		
Listed securities:		
- UK Unitised funds and cash deposits	<u>11,254,811</u>	<u>12,186,587</u>

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

18. Current Assets Investments continued.

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

Securities and deposits with a market value at 31st December 2013 of £11,254,811 (2012: £12,186,587) 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 31st December 2013 was £1,948,271 (2012:£8,050,354).

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.

19. Debtors

	2013	2012
	£	£
Trade debtors	4,003,928	3,673,036
Other debtors	1,785,073	491,311
Corporation tax recoverable	1,967,417	-
Deferred tax	250,802	756,376
Due from associated undertakings	35,077	35,076
Prepayments and accrued income	682,666	419,334
	£8,724,963	£5,375,133

20. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	5,762,573	5,332,762
Corporation tax	-	931,739
Other taxation and social security costs	313,978	209,307
Other creditors	597,154	1,450,514
Due to associated undertakings	160,128	33,147
Accruals and deferred income	1,136,515	2,348,967
Call due on Lloyd's underwriting	1,948,271	394,657
	9,918,619	10,701,093
Insurance funds – unearned premiums reserve	4,235,962	2,822,687
	£14,154,581	£13,523,780

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

23. Pension Scheme Deficit (continued)

	2013 £'000s	2012 £'000s
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	28,426	28,601
Fair value of plan assets	24,345	24,516
Funded status	(4,081)	(4,085)
Unrecognised past service cost (benefit)	-	-
Related deferred tax asset	857	1,001
Net liability	£(3,224)	£(3,084)
<i>Amounts in the balance sheet</i>		
Liabilities	(3,224)	(3,084)
Assets	-	-
Net liability	£(3,224)	£(3,084)
Components of pension cost		
<i>Amounts recognised in the revenue statement</i>		
Current service cost	64	57
Interest cost	1,280	1,291
Expected return on plan assets	(1,250)	(1,150)
Curtailement gain recognised	-	-
Total pension cost recognised in the revenue account	£94	£198
<i>Actual return on assets</i>	£1,365	£1,948
<i>Actual recognised in STRGL</i>		
Actuarial losses / (gains) immediately recognised	(34)	87
Effect of asset limit	-	-
Total pension cost recognised in the STRGL	£(34)	£87
Cumulative amount of actuarial losses immediately recognised	£12,486	£12,520
Principal actuarial assumptions		
<i>Weighted average assumptions used to determine benefit obligations at:</i>		
Discount rate	4.70%	4.60%
Rate of price inflation (RPI)	3.34%	2.92%
Rate of price inflation (CPI)	2.30%	2.20%
Rate of pension increases	3.20%	2.90%
<i>Weighted average assumptions used to determine net pension cost:</i>		
Discount rate	4.60%	4.80%
Expected long-term return on plan assets	5.27%	5.13%
Rate of salary increase	N/A	N/A
Rate of price inflation	2.92%	3.00%
Rate of pension increases (LPI 5%)	2.90%	3.00%
<i>Weighted life expectancy on retirement at age 45:</i>		
Male age 65 (current life expectancy)	23.1	23.1
Male age 45 (life expectancy at age 65)	24.8	24.9

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

23. Pension Scheme Deficit (continued)

	2013	2012
	£'000s	£'000s
Plan assets		
<i>Percentage of plan assets by asset allocation</i>		
Absolute return	100%	100%
<i>Percentage of plan assets by asset allocation</i>		
Absolute return	5.67%	5.27%

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 5.67% assumption as at 31 December 2013.

Five year history

	2013	2012	2011	2010	2009
	£'000s	£'000s	£'000s	£'000s	£'000s
Benefit obligation at 31st December	28,426	28,601	27,354	26,743	24,858
Fair value of plan assets at 31st December	24,345	24,516	22,254	23,360	20,993
Deficit	£(4,081)	£(4,085)	£(5,100)	£(3,383)	£(3,865)

Difference between expected and actual returns on scheme assets:

	2013	2012	2011	2010	2009
Amount	(115)	(798)	957	(1,202)	(1,158)
percentage of scheme assets	-1%	-3%	4%	-5%	-6%

Experience gains and losses on scheme liabilities:

Amount	-	-	343	(711)	-
percentage of scheme liabilities	0%	0%	1%	-3%	0%

The Electrical Contractors' Association

Notes To The Accounts (Continued)

For The Year Ended 31st December 2013

24. Operating Lease Commitments

At the year end the group had the following annual operating lease commitments expiring:	2013		2012	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Within one year	185,575	62,404	174,134	-
Between two to five years	-	131,066	-	180,874
	<u>£185,575</u>	<u>£193,470</u>	<u>£174,134</u>	<u>£180,874</u>

25. Related Party Transactions

	2013 £	2012 £
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	247,594	261,068
Dividend received from Esca Estates Limited	-	60,000
Management fee charged to Certsure LLP	80,947	-
Provision of Assessment services from Certsure LLP	281,797	-
Balances due from / (to) related parties:		
JIB Pension Scheme Trustee Company Limited	35,077	35,077
ESCA Estates Limited	(11,376)	(33,147)
Certsure LLP	(148,751)	-

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

26. Post Balance Sheet Events

The underwriting years 2010 and 2011 in the Lloyds Syndicate have been closed through the issue of a reinsurance to close contract in February 2014. This resulted in a further cash call of £1,948,271 to close the account in June 2014. The excess investments held as collateral of circa £9.5m were released by Lloyds in July.

27. 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 2013

CASH FLOW STATEMENT

	Notes	2013 £	2012 £
Net cash outflow from operating activities	1	(2,996,103)	(19,238,621)
Return on investments and servicing of finance	2	2,958,974	14,428,997
Taxation paid		(1,511,495)	(149,236)
Net cash inflow from investing activities	3	59,504	101,329
		<hr/>	<hr/>
Cash outflow before management of liquid resources		(1,489,120)	(4,857,531)
Management of liquid resources	4	1,701,799	11,718,729
		<hr/>	<hr/>
Cash inflow for the year		£212,679	£6,861,198
		<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase in cash in the period		212,679	6,861,198
Cash outflow from change in liquid resources	4	(1,701,799)	(11,718,729)
		<hr/>	<hr/>
Changes in net funds in the period		(1,489,120)	(4,857,531)
Net funds at 1st January 2013		51,159,966	56,017,497
		<hr/>	<hr/>
Net funds at 31st December 2013	5	£49,670,846	£51,159,966
		<hr/> <hr/>	<hr/> <hr/>

The Electrical Contractors' Association

Consolidated Cash Flow Statement

For The Year Ended 31st December 2013

Notes To The Cash Flow Statement

1. Reconciliation of operating deficit to operating cash flows

	2013	2012
	£	£
Operating deficit per Revenue Account	(4,963,670)	(4,227,803)
Depreciation	205,335	430,742
Impairment of goodwill	-	-
Loss/(Profit) on disposals	1,711	(17,728)
Increase/(Decrease) in insurance funds	3,862,647	(516,005)
Pension cost less contributions	-	(1,042,000)
Decrease in stocks	123,954	37,667
Increase in debtors	(1,887,987)	(337,930)
Decrease in creditors	(338,093)	(13,565,564)
	<u>1,967,567</u>	<u>(15,010,818)</u>
Net cash outflow from operating activities	£(2,996,103)	£(19,238,621)

2. Returns on investments and servicing of finance

	2013	2012
	£	£
Gain on sale of investments	2,116,948	13,043,750
Interest received	41,664	54,046
Net investment income	659,482	1,283,580
Pension finance costs	(94,000)	(198,000)
Rental income	234,880	245,621
	<u>£2,958,974</u>	<u>£14,428,997</u>

3. Investing activities

	2013	2012
	£	£
Purchase of tangible fixed assets	(20,694)	(20,114)
Sale of tangible fixed assets	80,198	121,443
	<u>£59,504</u>	<u>£101,329</u>

The Electrical Contractors' Association

Consolidated Cash Flow Statement

For The Year Ended 31st December 2013

Notes To The Cash Flow Statement (Continued)

4. Management of liquid resources

	2013 £	2012 £
Net disposals of current asset investments	£1,701,799	£11,718,729

5. Analysis of net funds

	At 1 January 2013 £	Cash Flows £	At 31 December 2013 £
Cash at bank and in hand	11,171,333	242,679	11,414,012
Investments and cash held by portfolio managers	29,941,310	(1,705,500)	28,235,810
Investments pledged for over one year	10,047,323	3,701	10,051,024
	£51,159,966	£(1,459,120)	£49,700,846