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# FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

## ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates?  Yes  No (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

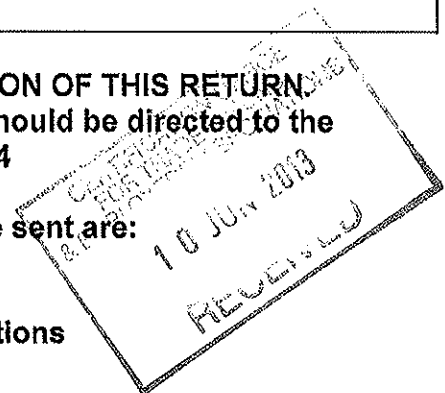
e-mail:

**PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.**  
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:  
Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:  
Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG



## RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
266	2	0	14	282

## OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

## CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
President	Andrew Collinson	Mike Wilkins	24 May 2012
Deputy President	Derek Hunter	Nigel Francis	24 May 2012
Immediate Past President	David Billington	Andrew Collinson	24 May 2012
Vice President	Mike Wilkins	Frank Millar	24 May 2012
Vice President	Nigel Francis	Steven Connolly	24 May 2012

# REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	<b>INCOME</b>			
2,142,376	From Members	Subscriptions, levies, etc		1,858,721
19,851	Investment income	Interest and dividends (gross)	24,903	
10,430		Bank interest (gross)	13,682	
		Other (specify)		
49,251		Building Society interest	69,467	
6,281		Other interest	-	
85,813				108,052
-	Other income	Rents received	-	
407,890		Insurance commission	353,190	
-		Consultancy fees	4,950	
1,382		Publications/Seminars	1,481	
		Miscellaneous receipts (specify)		
55,104		Spring ball	53,332	
12,638		Golf day	8,928	
63,682		Other	71,179	
540,696				493,060
2,768,885		<b>TOTAL INCOME</b>		2,459,833
	<b>EXPENDITURE</b>			
	Administrative expenses			
981,584		Remuneration and expenses of staff	1,063,134	
107,717		Occupancy costs	114,080	
36,835		Printing, Stationery, Post and Telephone	36,667	
110,687		Legal and Professional fees	87,491	
		Miscellaneous (specify)		
96,528		Regional offices	43,181	
136,213		Travel, hotel and entertaining	141,615	
-		Staff recruitment	-	
31,630		Computer expenses	27,023	
121,970		Spring ball and golf day	112,109	
130,087		Other	129,637	
1,753,251				1,754,937
346	Other charges	Bank charges	430	
10,425		Depreciation	6,363	
17,867		Sums written off	63,438	
5,171		Affiliation fees	5,175	
-		Donations	-	
35,365		Seminars	21,958	
		Expenses		
		Miscellaneous (specify)		
14,960		EEF subscriptions	15,549	
600,000		Contribution to NJC	550,000	
3,000		Building maintenance reserve	3,000	

1,671,000	Exceptional pension contribution	-	
2,358,134			665,913
6,941	Taxation charge/(credit)		(6,952)
4,118,326	<b>TOTAL EXPENDITURE</b>		2,413,898
(1,349,441)	Surplus/(Deficit) for year		45,935
6,369,066	Amount of fund at beginning of year		4,936,887
(82,738)	Unrealised gain/(loss) on Investments		100,774
4,936,887	Amount of fund at end of year		5,083,596

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 3		Fund Account	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

<b>ACCOUNT 4</b>		<b>Fund Account</b>	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

<b>ACCOUNT 5</b>		<b>Fund Account</b>	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
	<b>Total Income</b>		
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
	<b>Total Income</b>		
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

## BALANCE SHEET AS AT 31 DECEMBER 2012

(see notes 19 and 20)

Previous Year		£	£
13,151	<b>Fixed Assets</b> (as at page 11)		11,947
	<b>Investments</b> (as per analysis on page 13)		
882,887	Quoted (Market value £983,661)		983,661
	Unquoted	-	
882,887	<b>Total Investments</b>		983,661
	<b>Other Assets</b>		
1,705,962	Sundry debtors	1,711,669	
4,453,640	Cash at bank and in hand	3,983,426	
-	Stocks of goods	-	
	Others (specify)		
6,159,602	<b>Total of other assets</b>		5,695,095
7,055,640	<b>TOTAL ASSETS</b>		6,690,703
4,936,887	Fund (Account)		5,083,596
	Fund (Account)		-
	Fund (Account)		-
	Revaluation Reserve		-
	<b>Liabilities</b>		
	Loans	-	
	Bank overdraft	-	
6,941	Tax payable	-	
125,667	Sundry creditors	178,371	
689,000	Accrued expenses	30,000	
53,250	Provisions	56,250	
1,215,327	Other liabilities	1,331,584	
28,568	Trade creditors	10,902	
2,118,753	<b>TOTAL LIABILITIES</b>		1,607,107
7,055,640	<b>TOTAL FUNDS AND LIABILITIES</b>		6,690,703



## FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>COST OR VALUATION</b>				
At start of period		89,760		89,760
Additions during period		5,159		5,159
Less: Disposals during period		-		-
Less: DEPRECIATION:		(82,972)		(82,972)
Total to end of period		11,947		11,947
<b>BOOK AMOUNT at end of period</b>		11,947		11,947
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>AS BALANCE SHEET</b>		11,947		11,947

## ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £	
<b>QUOTED</b>	British Government & British Government Guaranteed Securities		
	British Municipal and County Securities		
	Other quoted securities (to be specified)		
	285,189 Schroder Managed Balance Fund I Income	317,566	
	444,290 Foreign & Colonial Investment Trust PLC	493,570	
	153,408 Henderson Global Trust PLC (formally Gartmore)	172,525	
	882,887	TOTAL QUOTED (as Balance Sheet)	983,661
	882,887	*Market Value of Quoted Investments	983,661
<b>UNQUOTED</b>	British Government Securities		
	British Municipal and County Securities		
	Mortgages		
	Other unquoted securities (to be specified)		
		TOTAL QUOTED (as Balance Sheet)	
		*Market Value of Unquoted Investments	

\* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
<b>INCORPORATED EMPLOYERS' ASSOCIATIONS</b>			
Are the shares which are controlled by the association registered in the association's name		YES	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
<b>UNINCORPORATED EMPLOYERS ASSOCIATIONS</b>			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

# SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	1,858,721		1,858,721
From Investments	108,052		108,052
Other Income (including increases by revaluation of assets)	493,060 <del>593,834</del>		493,060 593,834
<b>Total Income</b>	<del>2,459,833</del> 2,560,601		<del>2,459,833</del> 2,560,601
<b>EXPENDITURE</b> (including decreases by revaluation of assets)	2,413,898		2,413,898
<b>Total Expenditure</b>	2,413,898		2,413,898
<b>Funds at beginning of year</b> (including reserves)	4,936,887		4,936,887
<b>Funds at end of year</b> (including reserves)	5,083,596		5,083,596
<b>ASSETS</b>			
Fixed Assets			11,947
Investment Assets			983,661
Other Assets			5,695,095
		<b>Total Assets</b>	6,690,703
<b>LIABILITIES</b>			
		<b>Total Liabilities</b>	1,607,107
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			5,083,596

# NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

Please see attached.

	£	2012	£	2011	£
<b>2. Income</b>					
<b>Subscriptions and Levies</b>					
Subscriptions		1,858,721		2,142,376	
		<u>                    </u>		<u>                    </u>	
<b>Other Income</b>					
Welplan insurance	353,190		407,890		
Publications	1,481		1,382		
Consultancy	4,950		-		
Other	133,439		131,424		
		<u>                    </u>		<u>                    </u>	
		493,060		540,696	
		<u>                    </u>		<u>                    </u>	
<b>3. Staff</b>					
Permanent staff remuneration	856,093		786,749		
National Insurance	104,812		94,783		
Pension contributions	62,153		71,238		
Medical insurance	33,801		23,918		
Training and conferences	4,826		3,849		
		<u>                    </u>		<u>                    </u>	
Temporary staff remuneration	1,061,685		980,537		
	1,449		1,047		
		<u>                    </u>		<u>                    </u>	
		1,063,134		981,584	
		<u>                    </u>		<u>                    </u>	
<b>4. Establishment</b>					
Rents and service charges	77,080		77,080		
Rates and insurance	37,000		30,637		
		<u>                    </u>		<u>                    </u>	
		114,080		107,717	
		<u>                    </u>		<u>                    </u>	

	2012	2011
	£	£
<b>5. Administration</b>		
Printing, stationery, journals and papers	11,878	13,746
Postage and telephone	24,789	23,089
Legal and professional charges	65,991	90,462
Travel, hotel, catering and events	253,724	258,183
Staff recruitment	-	-
Equipment depreciation	6,363	10,425
Computer expenses	27,023	31,630
PR and marketing	40,894	38,065
Bad debt provision	63,438	17,867
Audit and accountancy fee	21,500	20,225
	<u>515,600</u>	<u>503,692</u>
<b>6. Other Operating Costs</b>		
EEF subscriptions	15,549	14,960
Subscriptions and membership fees	5,175	5,171
Publications	14,592	13,865
Seminars	21,958	35,365
Ace and special projects	74,581	78,503
Building maintenance reserve	3,000	3,000
	<u>134,855</u>	<u>150,864</u>
<b>7. Regional Costs</b>		
Northern counties	10,006	9,269
Scottish	25,000	25,000
South Western	3,186	3,000
Yorkshire and Humberside	4,989	59,259
	<u>43,181</u>	<u>96,528</u>
<b>8. Investment Income</b>		
Dividends	24,903	19,851
Bank interest	13,682	10,430
Building Society interest	69,467	49,251
Other interest	-	6,281
	<u>108,052</u>	<u>85,813</u>

9. Exceptional Pension Contribution

The Association withdrew from the Engineering Employers' Federation Staff Pension Fund in March 2011. In accordance with S75 of the Pensions Act 1995 (as amended) a cessation debt was due to the Fund from the Association. The cessation debt is effectively the Association's share of the deficit as at the date of leaving the scheme. The cost of the cessation debt has been determined at £1,671,000 and that amount has been charged to the income and expenditure account.

Of the total debt, £1,000,000 was paid in the prior year and the balance paid in March 2012.

10. Leasing commitments

	2012		2011	
	Land and Buildings £	Total £	Land and Buildings £	Total £
Annual rental on leases expiring:				
Less than one year	64,980	64,980	-	-
Between 2 and 5 years	-	-	64,980	64,980
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

11. Taxation

(a) Analysis of charge in the year

Current tax:

UK Corporation tax based on the profits of the year	-	6,941
Tax Refund	(6,941)	-
Overprovision in prior years	(11)	-
	<u>        </u>	<u>        </u>

Total current tax (credit)/charge	(6,952)	6,941
	<u>        </u>	<u>        </u>

Tax (credit)/charge on profit/(loss) on ordinary activities	(6,952)	6,941
	<u>        </u>	<u>        </u>

(b) Factors affecting tax charge

The tax assessed on the profit on ordinary activities for the year is same as the small company rate (2011 - lower than the standard rate) of Corporation Tax in the UK of 20% (2011 - 20.25%).

	2012 £	2011 £
Profit/(Loss) on ordinary activities before taxation	38,983	(1,342,500)
	<u>        </u>	<u>        </u>
Profit/(Loss) on ordinary activities by rate of tax	7,797	(271,810)
	<u>        </u>	<u>        </u>
<b>Effects of:</b>		
Disallowable items	23,140	153,083
Capital allowances in excess of depreciation	(188)	(1,114)
Dividend income	(4,981)	(4,020)
Pension contribution adjustment	(201,693)	130,802
Losses carried back	7,038	-
Unrelieved tax losses carried forward	168,887	-
	<u>        </u>	<u>        </u>
	-	6,941
	<u>        </u>	<u>        </u>



11. Taxation (continued)

At 31 December 2012, the Association has accumulated unrecognised tax losses of approximately £844,438 (2011: £nil), which are available to offset future taxable income from the same trade, giving an unrecognised deferred tax asset of £168,887 (2011: £nil).

A deferred tax asset has not been recognised on tax losses as future taxable profits as the Management Board of the Association are uncertain as to when they will be utilised.

12. Tangible Fixed Assets

	Office Equipment £	Total £
<b>Cost</b>		
At 1 January 2012	89,760	89,760
Additions during year	5,159	5,159
	<hr/>	<hr/>
At 31 December 2012	94,919	94,919
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 January 2012	76,609	76,609
Charge for the year	6,363	6,363
	<hr/>	<hr/>
At 31 December 2012	82,972	82,972
	<hr/>	<hr/>
<b>Net Book Value</b>		
At 31 December 2012	11,947	11,947
	<hr/>	<hr/>
At 1 January 2012	13,151	13,151
	<hr/>	<hr/>

	2012		2011	
	£	£	£	£
<b>13. Investments</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>
<b>Quoted</b>				
UK – ordinary shares	983,661	408,257	882,887	408,257
	<hr/>	<hr/>	<hr/>	<hr/>

**ENGINEERING CONSTRUCTION INDUSTRY  
ASSOCIATION**

**NOTES TO THE ACCOUNTS  
Year ended 31 December 2012**

<b>14. Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,625,497	1,468,358
Corporation Tax	6,941	-
Other debtors	24,317	197,067
Prepayments and accrued income	54,914	40,537
	<hr/>	<hr/>
	<b>1,711,669</b>	<b>1,705,962</b>
	<hr/>	<hr/>

<b>15. Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	10,902	28,568
Corporation tax	-	6,941
Other taxation and Social Security	178,371	125,667
Accruals and deferred income	1,361,584	1,904,327
	<hr/>	<hr/>
	<b>1,550,857</b>	<b>2,065,503</b>
	<hr/>	<hr/>

**16. Pensions**

From March 2011, the Association operated a defined contribution pension scheme for all employees within the Company.

Contributions made into this scheme are paid by the Association at rates specified in the rules of the scheme. The assets of the scheme are held separately from those of the Association in an independently-administered fund.

Contributions payable by the Association during the year amounted to £62,153 / (2011: £71,238) and has been recognised in the profit and loss account. As at the balance sheet date, there are outstanding liabilities to be paid over to the fund.

Prior to March 2011, the Association provided pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is administered by Trustees and maintained independently of the Association's finances. The Fund had a defined benefit section which was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it was not possible for underlying employers to identify their share of the underlying assets and liabilities. In such cases, paragraph 9(b) of FRS 17 required the Association to account for pension costs on the basis of contributions actually payable to the Fund in the year. The Fund also opened a defined contribution section from 1 January 2007.

As explained in Note 9 the Association withdrew from the Engineering Employers Federation Staff Pension Fund in March 2011.

**17. Building Maintenance Reserve**

This reserve is intended to cover major items of maintenance, such as periodic redecoration. The movement in the reserve in the year is summarised below:

	2012 £	2011 £
Balance at 1 January	53,250	50,250
Transfer in during the year	3,000	3,000
	<hr/>	<hr/>
Balance at 31 December	56,250	53,250
	<hr/>	<hr/>

**18. Accumulated Fund**

	2012 £	2011 £
As at 1 January	4,990,137	6,419,316
Surplus / (Excess of expenditure over) income for the year	45,935	(1,349,441)
Unrealised gain / (loss) on investments	100,774	(82,738)
Building maintenance reserve Movement for the year	3,000	3,000
	<hr/>	<hr/>
As at 31 December	5,139,846	4,990,137
	<hr/>	<hr/>

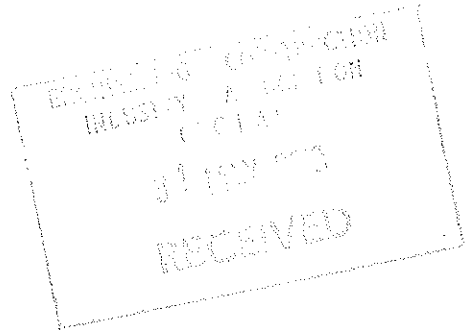
**19. Ultimate Controlling Party**

The members of the Association are the ultimate controlling party.

# ACCOUNTING POLICIES

(see notes 37 and 38)

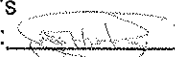
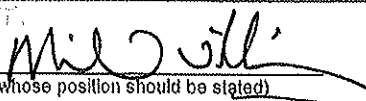
Please see attached.



## SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

Including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>Michael J. Henry</u> Date: <u>23rd May 2013</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>MICHAEL WILKINS</u> Date: <u>23rd May 2013</u>
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## CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	✓	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	✓	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	✓	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	✓	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	✓	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	✓	NO	

## 1. Accounting Policies

### Basis of Accounting

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards as modified by the restatement of investments.

### Subscriptions

Subscription income represents the amount receivable for the year after providing for doubtful debts. Subscriptions invoiced in advance are recognised as income over the period to which they relate, and until such time are accounted for as deferred income.

### Welplan Insurance

Commission received is calculated as a percentage of premiums stated by Welplan. It is recognised as income in the same period as the premiums are paid to Welplan.

### Tangible Fixed Assets and Depreciation

Depreciation of tangible fixed assets is set aside on the basis of providing in equal annual instalments for the cost over the estimated useful lives of these assets, namely:

Office equipment - 3-5 years

Surpluses and deficits on disposal of tangible fixed assets are determined by reference to sale proceeds and net book amounts.

### Investments

Investments are held at market value. All gains or losses incurred during the year are recognised in the income statement under investment income.

### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax gains arising from the revaluation (and similar fair value adjustments) or fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the management board consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**1. Accounting Policies (continued)**

**Operating Leases**

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the lease term.

**Pension Costs**

From March 2011, the Association operated a defined contribution pension scheme. The pension charge in note 16 represents the amount payable by the Company to the fund in respect of the year. Prior to March, the Association operated a defined contribution scheme through participation in the Engineering Employers' Federation Staff Pension Fund.

In the period to March 2011, the Association provided pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which was administered by Trustees and maintained independently of the Association's finances. The Fund was a defined contribution scheme which was established to enable a number of autonomous but related employers to operate a pension scheme through the sharing of risk within a wider membership base. As such it is not possible for underlying employers to identify its share of the underlying assets and liabilities. In such cases, paragraph 9(b) of FRS 17 requires the Association to account for pension costs on the basis of contributions actually payable to the Fund in the year.

# AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES/NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:

- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
- (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
- (c) whether the accounts to which the report relates agree with the accounting records?  
(See section 36(3) of the 1992 Act, set out in note 43)

YES/NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
- (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.  
(See section 36(4) of the 1992 Act set out in note 43)

YES/NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 45)

Please see attached.

We have audited the Accounts of the Engineering Construction Industry Association for the year ended 31 December 2012, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies 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 Section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992. 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 auditors' 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 Management Board and Auditors**

As explained more fully in the Statement of Responsibilities of the Management Board, the Management Board is responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Accounts 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 Accounts**

An audit involves obtaining evidence about the amounts and disclosures in the Accounts sufficient to give reasonable assurance that the Accounts 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 Management Board, and the overall presentation of the Accounts. In addition, we read all the financial and non-financial information in the Annual Report 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 Accounts**

In our opinion the Accounts:

- give a true and fair view of the state of the Association's affairs as at 31 December 2012 and of its excess of income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### **Matters on which we are required to report by exception**

The Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the Accounts are not in agreement with the accounting records and returns.

We have nothing to report in respect of the above matters.

*Littlejohn LLP*

Littlejohn LLP  
Chartered Accountants and Registered Auditors

*24 April* 2013

1 Westferry Circus  
Canary Wharf  
London E14 4HD



## AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:	<i>Littlejohn LLP</i>	
Name(s):	LITTLEJOHN LLP	
Profession(s) or Calling(s):	Chartered Accountants	
Address(es):	1 Westferry Circus Canary Wharf London E14 4HD	
Date:	23/05/2013	
Contact name and telephone number:	Mr Eric Hindson 020 7516 2200	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.