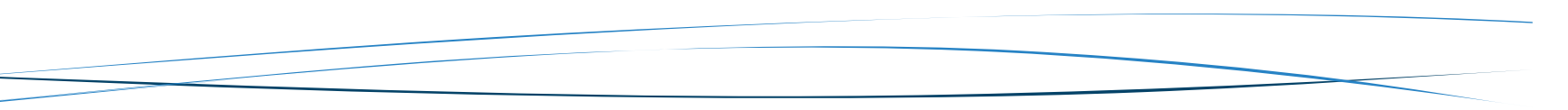




GRAPHIC
ENTERPRISE
Scotland

GRAPHIC ENTERPRISE SCOTLAND

ANNUAL REPORT & ACCOUNTS 2012-13





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BOARD REPORT

Looking back over the past Annual Report and Accounts, there is one recurring theme and this year is no exception- reduced demand, increasing costs and diminishing margins. This familiar trend will, I suspect, continue for some time to come.

Considering the many challenges our industry will face in 2013, one thing is clear, the economy will struggle to recover and with talk of a triple dip recession it does not sound encouraging. One consequence of this austere environment has been the inevitable business failures as reduced demand across the economy makes balancing supply and demand more difficult.

Survival of the fittest is the natural way of trimming the balance but the rise in Pre-Pack arrangements means that does not always work. In an attempt to understand the process and clearly identify the benefits and pitfalls of Pre-Packs, we held a seminar in Glasgow on 13th March and invited Haines Watts, Chartered Accountants and Maclay, Murray and Spens LLP to present to our 60 strong audience. Aside from the financial and legal aspects, it was felt the morning would be better balanced with a contribution from a few of the major suppliers to the industry. All delegates enjoyed the presentations and discussions and left with a much clearer understanding of the process.

Graphic Enterprise Scotland works closely with the Scottish Qualifications Authority and City and Guilds to ensure all Scottish Vocational Qualifications are challenging for our apprentices and meet the changing demands of our industry. In addition to making existing qualifications relevant to today's needs, new SVQ's are being developed to ensure future requirements are not overlooked. At present the focus is on revising Machine Printing and Carton Manufacturing and, for the future, developing a new Print Administration qualification which will be available from the middle of 2014.

Recruitment of apprentices has steadily fallen over the last few years. Using the academic period August to June, during 2010/11 there were 35 apprentices on the training scheme compared to 21 for the current period 2012/13. This academic year has a few months to run and we expect to see 2 or 3 more apprentices added to the scheme.

The theme for Graphic Enterprise Scotland in 2013/14 is CHANGE. We, as an association, need to change what we do and how we do it. Albert Einstein once said "The definition of insanity is doing the same thing over and over again and expecting different results". There are a number of areas to focus on:

- Looking backwards is not always desirable but it helps inform future strategy. Therefore the Activity Plan for 2013/14 is under review and will be published after the post-mortem is complete.

- Another recurring theme is diminishing membership numbers. This must take priority over the coming year as a collective voice and shared concerns carries much more weight and influence than a lone voice. This Association must be seen as inclusive, across all geographical locations and irrespective of company size.

- GES will be moving from its traditional base in Edinburgh to Glasgow at the beginning of July 2013. The new serviced office will provide telephone cover for the entire working week and secretarial services will be available as and when required.

- The Associate membership continues to grow and it was felt a change in the constitution was necessary to gain representation on the Executive Board from this important and influential group. There will be three nominations one from each of the following groups- Suppliers, Manufacturers and Professionals standing for election at the 2013 AGM.

After 4 years as Director of GES, Bob Hodgson decided to retire and a replacement was sought at the end of 2012. Donald Cooper joined the organisation at the beginning of February 2013 and assumed the role of Director Designate until Bob's retiral at the end of March. The board would like to thank Bob Hodgson for his hard work and professionalism and in addition, the stability he created over the period.

Lower membership numbers resulted in reduced subscription income and it's percentage of the total income. Although the target for the organisation was to achieve a break-even operating position, the effect of the duplication costs of the change of director at £12,500 has meant that the operating position shows a loss of £7,449 rather than a positive position of £5,051.

In order to support the reduction in subscription income the board agreed to rebalance the investment portfolio and took a gain into this year's accounts. This is designed to increase the investment income of GES in the current financial year.



Kevin Creechan – President



Donald Cooper – Director

June 2013

STATEMENT OF EXECUTIVE BOARD'S RESPONSIBILITIES

The Executive Board are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Organisation as at the end of the financial year and of the income and expenditure of the period.

The Executive Board confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2013. The Executive Board also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Executive Board are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

The Executive Board are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations.

OFFICE BEARERS AND ADVISORS

PRESIDENTS

K Creechan (from 20 July 2012)
T Price (to 20 July 2012)

VICE PRESIDENTS

G Ellis (from 20 July 2012)
K Creechan (to 20 July 2012)

TREASURER

R Turner

DIRECTORS

R Hodgson (retired 31 March 2013)
D Cooper (from 1 April 2013)

SOLICITORS

Maclay Murray & Spens LLP
Quartermile One
15 Lauriston Place
Edinburgh
EH3 9EP

BANKERS

Bank of Scotland
38 St Andrew Square
EDINBURGH
EH2 2YR

AUDITOR

Chiene + Tait
Chartered Accountants and Statutory Auditor
61 Dublin Street
EDINBURGH
EH3 6NL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRAPHIC ENTERPRISE SCOTLAND IN ACCORDANCE WITH THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992

We have audited the financial statements of Graphic Enterprise Scotland for the year ended 31 March 2013 which comprise the Income and Expenditure Account, the Balance Sheet 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 Members of the Organisation, as a body, in accordance with the constitution and section 36 of the Trade Unions and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Members of the Organisation 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 Organisation and the Members of the Organisation as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Board and auditor

The Executive Board's responsibilities for preparing the Board Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Executive Board's Responsibilities. As explained more fully in the Statement of Executive Board's Responsibilities set out on page 3, the Executive Board 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 Organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Organisation's affairs as at 31 March 2013 and of its income and expenditure for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and with the Trade Unions and Labour Relations (Consolidation) Act 1992.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have been kept in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has been maintained in accordance with the requirements of the legislation; or
- the accounts to which the report relates are in agreement with the accounting records; and
- to state in our report if, in our opinion, the

Chiene + Tait
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

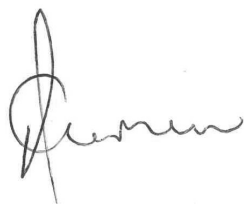
	Note	2013	2012
		£	£
Income			
Subscriptions		70,009	75,050
Income from investments (net)		6,031	5,271
Bank interest		14	11
Rental income		46,615	46,616
Management fees		4,821	6,147
Grant income from SD's (SPTS)	(2)	56,123	56,937
Miscellaneous income		1,655	5,696
		<u>185,268</u>	<u>195,728</u>
Expenditure			
Salaries, national insurance and pension		90,750	87,840
Travel		6,777	3,512
Meetings		5,249	7,622
Administration		37,250	38,094
Premises		7,947	7,537
Subscriptions and surveys		6,314	5,270
Depreciation		1,799	1,531
Training Costs	(2)	27,865	22,852
Employers Payments (SPTS)	(2)	8,766	21,390
		<u>192,717</u>	<u>195,648</u>
Operating (deficit)/surplus before exceptional costs		(7,449)	80
Exceptional Costs			
Redundancy costs		-	22,064
Repairs to investment property		-	10,428
		<u>-</u>	<u>32,492</u>
Operating deficit after exceptional costs		(7,449)	(32,412)
Gain on sale of investments		28,414	23,460
Surplus/(deficit) before taxation		20,965	(8,952)
Taxation	(3)	-	(36)
Surplus/(deficit) after taxation		<u>20,965</u>	<u>(8,916)</u>

BALANCE SHEET

AS AT 31 MARCH 2013

	Note	2013	2012
		£	£
Fixed Assets			
Tangible assets	(4)	752,068	753,062
Investments at cost	(5)	157,343	130,118
		<u>909,411</u>	<u>883,180</u>
Current Assets			
Debtors and prepayments		65,252	80,180
Cash at bank and in hand		21,785	18,042
		<u>87,037</u>	<u>98,222</u>
Current Liabilities			
Creditors and accruals		<u>24,274</u>	<u>30,193</u>
Net Current Assets		<u>62,763</u>	<u>68,029</u>
		<u>972,174</u>	<u>951,209</u>
Represented by:			
Members' Funds			
Income and Expenditure account		657,990	666,906
Surplus/(deficit) for the year		20,965	(8,916)
Revaluation reserve		293,219	293,219
		<u>972,174</u>	<u>951,209</u>
Closing Balance		<u>972,174</u>	<u>951,209</u>

Approved by the Executive Board on 5 June 2013



R Turner, Treasurer



D Cooper, Director

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2013

1. Accounting Policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of investment property.

Subscription income and Scottish Print Training Scheme income and expenditure are accounted for on a cash basis. Other income and expenditure are accounted for on an accruals basis.

Fixed assets

Provision is made for the depreciation of fixed assets in order to write off the cost of these assets over their expected useful lives.

Tangible fixed assets are stated at cost or valuation less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

The annual depreciation rates and methods are as follows:

Investment property	-	Nil
Office furniture	-	20% straight line
Computer & office equipment	-	20% - 33 1/3%

Investment property, which was previously classified as heritable property, is shown at open market value. The surplus or deficit arising from the annual revaluation is transferred to the revaluation reserve unless a deficit, or its reversal is expected to be permanent, in which case it is recognised in the income and expenditure account for the year.

This is in accordance with Statement of Standard Accounting Practice No.19 which, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the owner and so their current value is of prime importance.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Deferred Tax

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limitations.

Deferred tax is calculated on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. No provision is made for deferred tax assets where there is relative uncertainty over its immediate recovery.

2. Scottish Print Training Scheme

The income and expenditure and assets of the Scottish Print Training Scheme have been incorporated within the financial statements of the Graphic Enterprise Scotland.

3. Taxation

	2013	2012
	£	£
(a) Analysis of charge in the year		
Current Tax		
UK Corporation Tax on result for the year	-	-
Adjustments in respect of prior periods	-	(36)
	<hr/>	<hr/>
Total current tax charge/(credit)	-	(36)

(b) Factors affecting current tax charge

Tax assessed for the year is lower than the smaller entities rate of corporation tax in the UK of 20% (2012: 20%)

Surplus/(deficit) for the year before taxation	20,965	(8,952)
	<hr/>	<hr/>
Surplus/(deficit) for the year by rate of tax	4,193	(1,790)
Effects of:		
Franked investment income	(1,104)	(996)
Expenses not deductible for tax purposes	82	-
Chargeable losses relief	(3,431)	(4,692)
Adjustments to tax charge in respect of previous periods	-	(36)
Capital allowances for year in excess of depreciation	199	208
Unrelieved tax losses	61	7,270
	<hr/>	<hr/>
Current tax charge for the year	-	(36)

The entity has an unrecognised deferred tax asset of £40,690 (2012: £40,429) which has arisen from trading losses net of accelerated capital allowances. Its recoverability is dependent upon future taxable trading profits arising, the likelihood of which cannot be determined with reasonable certainty.

An unrecognised deferred tax asset of £nil (2012: £1,114) also exists in relation to capital losses carried forward. These can only be utilised by future capital gains.

No provision has been made for deferred tax on gains recognised on revaluing investment property to its market value. No corporation tax liability would become payable on proceeds equal to the revalued amount, due to the availability of indexation allowances.

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

4. Fixed Assets

	Investment Property	Office Equipment	Computer & Office Furniture	Total
	£	£	£	£
COST/VALUATION				
At beginning	750,000	12,753	20,230	782,983
Additions	-	-	805	805
Disposals	-	-	-	-
	<u>750,000</u>	<u>12,753</u>	<u>21,035</u>	<u>783,788</u>
DEPRECIATION				
At beginning	-	12,753	17,168	29,921
Charge for the year	-	-	1,799	1,799
Released on disposal	-	-	-	-
	<u>-</u>	<u>12,753</u>	<u>18,967</u>	<u>31,720</u>
NET BOOK VALUE	<u>750,000</u>	<u>-</u>	<u>2,068</u>	<u>752,068</u>
NET BOOK VALUE AT BEGINNING	<u>750,000</u>	<u>-</u>	<u>3,062</u>	<u>753,062</u>

Investment property was revalued in February 2008 by Ryden, Chartered Surveyors, on an open market value basis. This valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

The Executive Board are not aware of any material change in the value of the property and therefore the valuation has not been updated.

For assets which have been revalued, a comparison between the present book values and the book values at which the assets would have been carried if they were held on a historic cost convention is set out below:

	Revalued Amount	Historic Cost
	£	£
Cost or Valuation	750,000	456,781
Depreciation to date	-	-
	<u>750,000</u>	<u>456,781</u>

5. Investments

		Cost	Value
		£	£
715	GlaxoSmithKline	4,619	11,000
1,400	Prudential Corporation	6,090	14,910
1,400	National Grid	7,444	10,710
740	Scottish & Southern Energy	6,062	10,982
330	Unilever	2,562	9,187
380	BHP Billiton	3,470	7,277
4,500	HIICL Infrastructure	5,669	5,693
1,700	2.5% Government Stock	5,104	6,010
19,693	M&G Securities Corporate	6,932	7,604
5,600	Fidelity Investments	6,480	6,507
377	Traditional Funds Thames River	5,179	5,050
5,600	M&G Investment Manager Global Dividend	8,020	9,311
5,800	JP Morgan Strategic Bond	6,500	6,374
55	Veritas Funds PLC	8,441	8,881
2,400	Ruffer Investment	4,789	5,292
4,700	JP Morgan Emerging Markets	5,033	5,494
5,330	JP Morgan Equity Income	8,089	9,077
550	Pimco Global Investor	5,042	5,528
40	Royal Dutch Shell	5,187	8,740
750	Pearson	12,640	8,880
3,722	BNY Mellon	6,896	7,845
10,989	Aberdeen Unit Managers World Growth and Income	7,020	7,709
5,031	Vodafone Group Plc	12,409	9,388
7,300	Aviva Investors	7,666	8,804
		<hr/>	<hr/>
		157,343	196,253
		<hr/>	<hr/>

Cost

	2013	2012
	£	£
Cost brought forward	130,118	143,940
Additions	77,708	30
Disposals	(50,483)	(13,852)
	<hr/>	<hr/>
	157,343	130,118
Provision for impairment in value	-	-
	<hr/>	<hr/>
	157,343	130,118
	<hr/>	<hr/>

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

6. Operating lease commitments

At 31 March 2013, the Organisation was committed to making the following payments under non cancellable operating leases in the forthcoming financial year.

	2013	2012
	£	£
Operating leases which expire:		
Within 1 year	1,250	1,250
Within 2 to 5 years	-	-
After 5 years	-	-

7. Related party transactions

The board of Graphic Enterprise Scotland includes representatives of various companies that pay subscriptions to GES. These subscriptions and other member-related transactions between the companies and GES are on an arms-length basis under the normal terms of trading and are not presented here due to their confidential nature.

8. Pensions

The Organisation operates a defined benefit pension scheme on behalf of certain employees. As there are no active members in that scheme, no contributions are made to the scheme. The last actuarial valuation of the Scheme was carried out with an effective date of 1 July 2011 which showed the Scheme's funding position to be in surplus of £192,000, or a funding level of 117%. On this basis, the Organisation has not commissioned an FRS17 report for disclosure within these financial statements. The date of the next valuation is 1 July 2014. At the end of the year, the Organisation was owed £nil (2012: £8,633) by the Scheme.

In addition, following the closure of the above Scheme, the Organisation also operates a separately administered defined contribution fund. The pension cost charge for the year of £5,638 (2012: £5,056) represents contributions payable by the Organisation to the Scheme. At 31 March 2013, contributions of £nil (2012: £nil) were payable to the Scheme.



EXECUTIVE BOARD 2012-13

OFFICE BEARERS

K Creechan	President	J. Thomson Colour Printers
T Price	President	21 Colour
G Ellis	Vice President	Charles Letts & Co.
K Creechan,	Vice President	J Thomson Colour Printers
R Turner	Treasurer	

BOARD MEMBERS

R Hodgson	Director
D Cooper	Director
Moray Campbell	Allander Print
Graham Ellis	Charles Letts & Co
Alastair Thomson	Hay Nisbet Press
Ian Walker	Bell & Bain

VISION

Recognition as Scotland's most cohesive, representative and persuasive force in the creative industries' sector.

MISSION

- To reposition printing and related industries more appropriately within the context of Scotland's creative, cross-platform media sector.
- To pursue an innovative approach to delivering support services to member companies, based on need and value-for-money.
- To serve as an influential advocate on behalf of constituent industry players at governmental and regulatory policy making levels.
- To cultivate open, trusting relationships with the media, leveraging support and positive exposure for the graphical media sector.
- To earn and retain the trust of member companies.
- To establish representative status in every constituent niche.
- To operate in surplus.
- To adhere to prevailing best practice as an employer.



GRAPHIC
ENTERPRISE
Scotland



SQA Approved
Centre

Graphic Enterprise Scotland, Registered Office,

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e: info@graphicenterprisescotland.org