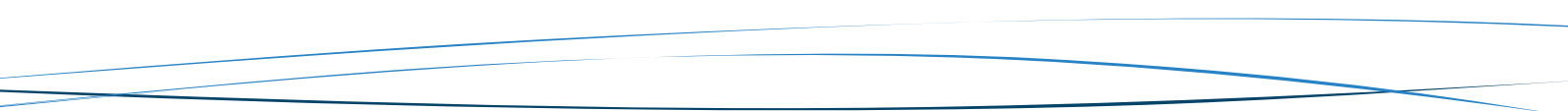




GRAPHIC
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GRAPHIC ENTERPRISE SCOTLAND

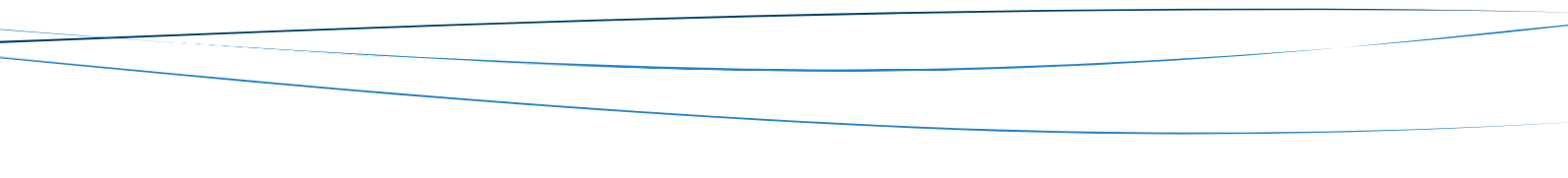
ANNUAL REPORT & ACCOUNTS 2013-14





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BOARD REPORT

After several years of weak economic performance in the UK, last year was surprisingly positive in comparison. The recovery of the UK's economy in 2013 was unpredicted and produced an overall growth rate of 1.8% which is the strongest in 6 years, and with CBI suggesting growth of 3% for 2014 everything sounds positive. Looking at Scotland in isolation, our growth rate for 2013 was 1.7%.

Whilst there has been an increase in business confidence, business investment is still slow. The printing industry remains a barometer of the overall economy so it is hoped that the expected economic growth for 2014 is reflected in our figures for the coming year and that of our members.

In partnership with Unite we are currently in the process of conducting a complete revision of the National Agreement. We have agreed that the document should be split in two parts, separating earnings from Policies and Procedures, which should make it easier to keep relevant in future. Reasonable progress has been made to date on the Policies and Procedures section which was our first objective. In parallel, discussions are ongoing with Unite regarding this year's annual wage award.

Apprenticeship numbers have remained constant over the past two years but much lower than in the past. The Board is actively considering a different approach to what is a vital component of our industry and has secured Heidelberg's support and commitment to provide additional training for each candidate through their apprenticeship period. Graeme Wilson, who administers the current scheme, has expressed a desire to leave and pursue other training opportunities. This has been accepted by the Board and Graeme will continue to be involved until the end of November 2014. The Board are now looking at various options to replace Graeme to ensure that we maintain and/or increase our commitment to both apprentices and employers, and to fulfil our contract with Skills Development Scotland.

Membership numbers have increased slightly with two founder members leaving the organisation and four new members joining in the past 12 months. Associate membership remains static with one resignation and one new member. Overall for the year our subscription income has reduced by £4,547 which is due to the smaller annual fees paid by new members.

During the year two free events were arranged which unfortunately had to be cancelled due to a lack of interest. The first one was a debate in April on Scottish Independence and despite the impressive venue of the Scottish Parliament and the importance of the topic the event had to be cancelled. Similarly a seminar on Work Place Pensions, which should be

high on everyone's agenda, was arranged in May to help inform and prepare the smaller companies for their future obligations had to be cancelled due to very poor numbers. Hopefully all companies are aware of their staging date and have developed plans to appoint a pensions provider and have everything in place prior to their allotted date.

A new website has been established this year as the old one provided no interactive facilities. There is now a members' area where members can log-in and download documents and information. In addition, there is a full listing with logos and contact details of all members and associate members. The majority of our mass communication will now come by e-mail and link back to the website which will help develop and promote the GES brand.

In another initiative Graphic Enterprise Scotland, in conjunction with Circle Insurance, now hope to be in a position to offer the best corporate insurance solution for our members with each package tailored to the specific requirements of the individual business. Harnessing the collective buying power of our membership is one way of creating a financial advantage for all.

As announced at last year's AGM our office was moved from Edinburgh to Glasgow and this achieved a reasonable saving on operating costs of just over £19,000. After deducting exceptional costs related to the move, the overall saving was just short of £13,000. Moving forward, the Board has agreed not to renew the office lease in Glasgow and both the Director and Treasurer will work from home. This creates a budget surplus of around £15,000 in the coming year, 2014/15. The purpose of this decision is to attract new members by using the surplus to enhance and improve member services and benefits.

The Director will be conducting face to face interviews with all members during July to collate honest views on which direction our association should be heading and which additional member services would be appropriate.

2014 promises to be an interesting year with the Independence referendum taking place in September. The outcome of this will undoubtedly have an impact on the print sector and this impact will hopefully be positive for all concerned.



Kevin Creechan – President



Donald Cooper – Director

STATEMENT OF EXECUTIVE BOARD'S RESPONSIBILITIES

The Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 requires the directors and officers of Graphic Enterprise Scotland to:

- keep proper records which give a true and fair view of the state of affairs of Graphic Enterprise Scotland and explain its transactions;
- establish and maintain a satisfactory system of control of the accounting records, cash holdings and all the receipts and remittances;
- prepare an annual return for the Certification Officer giving a true and fair view of the Income and Expenditure Account and Balance Sheet; and
- provide members of Graphic Enterprise Scotland with a statement of income and expenditure for the year.

OFFICE BEARERS AND ADVISORS

PRESIDENT

K Creechan

VICE PRESIDENT

G Ellis

TREASURER

R Turner

DIRECTORS

D Cooper

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 2014 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

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 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 Organisation's affairs as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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 carry out such investigations as will enable us to form an opinion as to whether:

- proper accounting records have been kept in accordance with the requirements of section 28 of the legislation; or
- a satisfactory system of control over transactions has been maintained in accordance with the requirements of that section; or legislation; or
- the financial statements to which the report relates are in agreement with the accounting records; and
- to state in our report if, in our opinion, Graphic Enterprise Scotland has failed to comply with section 28 or if the financial statements do not agree with the accounting records.

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

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014	2013
		£	£
Income			
Subscriptions		65,462	70,009
Income from investments (net)		7,492	6,031
Bank interest		12	14
Rental income		46,606	46,615
Management fees		5,461	4,821
Grant income from SD's (SPTS)	(2)	43,110	56,123
Miscellaneous income		2,890	1,655
		<u>171,033</u>	<u>185,268</u>
Expenditure			
Salaries, national insurance and pension		67,167	90,750
Travel		4,674	6,777
Meetings		2,790	5,249
Administration		38,918	37,250
Premises		14,964	7,947
Subscriptions and surveys		6,222	6,314
Depreciation		2,035	1,799
Training Costs	(2)	26,084	27,865
Employers Payments (SPTS)	(2)	9,977	8,766
		<u>172,831</u>	<u>192,717</u>
Operating (deficit)/surplus before exceptional costs		(1,798)	(7,449)
Exceptional Costs			
Redundancy costs		(2,432)	-
Repairs to investment property		(4,168)	-
		<u>(6,600)</u>	<u>-</u>
Operating deficit after exceptional costs		(8,398)	(7,449)
Gain on sale of investments		10,795	28,414
		<u>2,397</u>	<u>20,965</u>
Surplus/(deficit) before taxation		2,397	20,965
Taxation	(3)	-	-
		<u>2,397</u>	<u>20,965</u>
Surplus/(deficit) after taxation		2,397	20,965

BALANCE SHEET


AS AT 31 MARCH 2014

	Note	2014	2013
		£	£
Fixed Assets			
Tangible assets	(4)	750,742	752,068
Investments at cost	(5)	166,634	157,343
		<u>917,376</u>	<u>909,411</u>
Current Assets			
Debtors and prepayments		62,555	65,252
Cash at bank and in hand		16,131	21,785
		<u>78,686</u>	<u>87,037</u>
Current Liabilities			
Creditors and accruals		<u>21,491</u>	<u>24,274</u>
Net Current Assets		<u>57,195</u>	<u>62,763</u>
		<u>974,571</u>	<u>972,174</u>
Represented by:			
Members' Funds			
Income and Expenditure account		678,955	657,990
Surplus/(deficit) for the year		2,397	20,965
Revaluation reserve		293,219	293,219
		<u>974,571</u>	<u>972,174</u>
Closing Balance		<u>974,571</u>	<u>972,174</u>

Approved by the Executive Board on 12th June 2014



R Turner, Treasurer



D Cooper, Director

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

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

	2014	2013
	£	£
(a) Analysis of charge in the year		
Current Tax		
UK Corporation Tax on result for the year	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax charge/(credit)	-	-
	<hr/>	<hr/>
(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	2,397	20,965
	<hr/>	<hr/>
Surplus/(deficit) for the year by rate of tax	479	4,193
Effects of:		
Income not taxable	(2,159)	(5,683)
Franked investment income	(1,207)	(1,104)
Expenses not deductible for tax purposes	-	82
Chargeable gains	1,530	3,367
Other short term timing differences	408	-
Timing differences – capital gains	-	(1,115)
Depreciation for year in excess of capital allowances	265	199
Unrelieved tax losses	684	61
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

The entity has an unrecognised deferred tax asset of £42,095 (2013: £40,690) 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.

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 2014 (CONTINUED)

4. Fixed Assets

	Investment Property	Office Furniture	Computer & Office Equipment	Total
	£	£	£	£
COST/VALUATION				
At beginning	750,000	12,753	21,035	783,788
Additions	-	-	710	710
Disposals	-	(12,753)	(16,639)	(29,392)
	750,000	-	5,106	755,106
DEPRECIATION				
At beginning	-	12,753	18,967	31,720
Charge for the year	-	-	2,036	2,036
Released on disposal	-	(12,753)	(16,639)	(29,392)
	-	-	4,634	4,364
NET BOOK VALUE	750,000	-	742	750,742
NET BOOK VALUE AT BEGINNING	750,000	-	2,068	752,068

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	-	-
	750,000	456,781

5. Investments

		Cost	Value
		£	£
715	GlaxoSmithKline	4,619	11,379
1,400	National Grid	7,444	11,508
740	Scottish & Southern Energy	6,062	10,871
330	Unilever	2,562	8,451
380	BHP Billiton	3,470	7,007
4,500	HICL Infrastructure	5,669	7,007
1,700	2.5% Government Stock	5,104	5,753
19,693	M&G Securities Corporate	6,932	7,588
5,600	Fidelity Investments	6,480	6,339
377	Traditional Funds Thames River	5,179	5,088
5,600	M&G Investment Manager Global Dividend	8,020	9,537
5,800	JP Morgan Strategic Bond	6,500	6,322
55	Veritas Funds PLC	8,441	8,900
2,400	Ruffer Investment	4,789	5,040
4,700	JP Morgan Emerging Markets	5,033	4,728
5,330	JP Morgan Equity Income	8,089	9,701
550	Pimco Global Investor	5,042	5,363
40	Royal Dutch Shell	5,187	9,362
750	Pearson	12,640	7,973
3,722	BNY Mellon	6,896	6,711
10,989	Aberdeen Unit Managers World Growth and Income	7,020	6,999
7,300	Aviva Investors	7,666	8,804
6,500	Capita Financial Trojan Income	9,924	9,924
8,000	BNY Mellon Newton Global	8,993	8,889
11,020	Standard Life European Equity	8,873	8,759
		<hr/>	<hr/>
		166,634	197,775
		<hr/>	<hr/>

Cost

	2014	2013
	£	£
Cost brought forward	157,343	130,118
Additions	27,790	77,708
Disposals	(18,499)	(50,483)
	<hr/>	<hr/>
	166,634	157,343
Provision for impairment in value	-	-
	<hr/>	<hr/>
	166,634	157,343
	<hr/>	<hr/>

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

6. Operating lease commitments

At 31 March 2014, the Organisation was committed to making the following payments under non cancellable operating leases in the forthcoming financial year.

	2014	2013
	£	£
Operating leases which expire:		
Within 1 year	-	1,250
Within 2 to 5 years	-	-
After 5 years	-	-

7. Related party transactions

The Executive 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

Graphic Enterprise Scotland 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, Graphic Enterprise Scotland has not commissioned an FRS17 report for disclosure within these financial statements. The date of the next valuation is 1 July 2014 however Graphic Enterprise Scotland has decided to wind the Scheme up, a process which is currently ongoing. It is anticipated that there will be a small surplus of funds although at the time of signing these financial statements, this could not be quantified. At the end of the year, Graphic Enterprise Scotland was owed £Nil (2013: £Nil) by the Scheme.

In addition, following the closure of the above Scheme, Graphic Enterprise Scotland also operates a separately administered defined contribution fund. The pension cost charge for the year of £2,635 (2013: £5,638) represents contributions payable by Graphic Enterprise Scotland to the Scheme. At 31 March 2014, contributions of £Nil (2013: £Nil) were payable to the Scheme.

9. Contingent liabilities

During the period, Graphic Enterprise Scotland was subject to a VAT inspection which resulted in a demand notice for £12,011 being issued by HM Revenue and Customs (HMRC). The Organisation disputes this on the basis of misunderstood information and has been in discussion with HMRC to resolve the matter. At the time of approving the financial statements, the matter remains unresolved. The Organisation is confident of resolving the matter in their favour and on this basis, no liability has been recorded within the financial statements.



EXECUTIVE BOARD 2013-14

OFFICE BEARERS

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

BOARD MEMBERS

D Cooper	Director
K Creechan	J Thomson Colour Printers
G Ellis	Charles Letts & Co
T Price	21 Colour
I Walker	Bell & Bain
C Nisbett	Maclay Murray Spens LLP
S Paul	Antalis
D Kenney	Heidelberg
R Turner	Treasurer

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,

231-233 St. Vincent Street, Glasgow G2 5QY

t: 0141 227 4743

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