



GRAPHIC
ENTERPRISE
Scotland

GRAPHIC ENTERPRISE SCOTLAND


ANNUAL REPORT & ACCOUNTS 2014-15





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BOARD REPORT

Following on from last year's growth, the economy this year continues to perform positively and the GDP shows Scotland grew over the 12 month period Jan to Dec 2014 by 2.7%. The UK as a whole was marginally stronger at 2.8%. Despite the predicted economic growth for 2015, the outlook remains cautious. Our supply chain has experienced significant change with PaperlinX UK going into administration on 1st April 2015 quickly followed by Tullis Russell at the end of April. Although this creates opportunity for the remaining UK merchants, as with most opportunities, risk goes hand in hand. Although our industry sits within the manufacturing sector, our success is dependent on all market areas performing well. As the printing industry is positioned in most supply chains, we are frequently referred to as "the canary in the cage" and provide an economic barometer for the wider economy. It is therefore hoped that there will be sufficient "oxygen" in 2015 to keep everyone healthy.

As outlined at last year's Annual General Meeting, we intended creating additional funds within the association without increasing fees, by investing in services and growing our membership, and by not renewing our Glasgow office lease. These objectives have been realised, however, as advised at last year's Annual General Meeting, the board decided to close the pension scheme with Royal London Mutual Insurance Society Limited through its subsidiary Scottish Life as there were no active members in the scheme and five deferred members. The closure procedure commenced during the year and will be completed by June 2015. As the surrender value of the fund in the scheme, when invested, would be insufficient to guarantee the pension entitlement of the deferred members under the scheme rules, the organisation was required to meet this shortfall. The board sought professional advice and concluded that this should be provided in the accounts to March 2015 and the £15,898 provided for is expected to cover the costs of closure. This provision effectively removes any expected surplus for the year.

It is a requirement of accounting standards that we undertake a periodic revaluation of the property at Palmerston Place, Edinburgh. This revaluation was carried out in 2014 and as a result we have reduced the value in the Balance Sheet assets by £50,000 to £700,000 and consequently reduced the Revaluation reserve by the same figure.

The promotion of Modern Apprenticeships must remain a key objective of our association as the correct level of professional training and assessment ensures and maintains our industry's high standards. We were again successful in obtaining MA funding through Skills Development Scotland by securing the contract for 2015/16. With the departure of Graeme Wilson at the end of October 2014, James Vallance assumed the role of assessor one month prior to Graeme's departure. James has a wealth of knowledge and spent 32 years as a lecturer at Glasgow College of Building and Printing and is well equipped to support the next generation of apprentices. Encouragingly, we have seen a steady increase in apprenticeship numbers since the change and anticipate further growth over the contract year 2015/2016.

Introducing benefits for Members was one objective for this year and this has achieved reasonable success with the introduction of a number of professional services.

From January 2015 HR Services Scotland have provided support and guidance to all member companies on any and all HR issues. This includes contracts of employment, company hand books, disciplinary procedures and £25,000 Indemnity cover. This service is provided free to all Members. Regulations around Health & Safety in the work place continue to grow. We have agreed a competitive daily rate with JTMS for ongoing consultancy work. In addition, GES will cover the cost of a one day gap analysis which includes a traffic light report showing areas that require attention. British Red Cross provides a range of first aid courses across Scotland and GES are offering 50% cost support to all Members.

Through Woodville Training Centre in Glasgow we are able to offer a 4 day Reach Truck Novice course and a 1 day Conversion to Counterbalance course. Both courses are being offered with 50% cost support to Members. We are currently looking to extend this offer geographically.

Membership numbers have remained static over the last 12 months but with much improved member benefits the task of recruiting should be easier. A programme to increase member numbers has commenced with the Director actively visiting new prospects across the whole of Scotland. In addition to our historical base of traditional printers, it is hoped our association can attract interest from the broader print community including wide format printers and sign makers.

Revision of the National Agreement with Unite has proved to be difficult and one final attempt to provide a comprehensive and up to date version is now underway.

As promised at last year's AGM a full consultation with members was conducted during the summer of 2014 regarding the future shape of the association. The overwhelming view was that the organisation should continue, however, it was recognised that members were seeking change within the association and in particular enhanced member benefits and professional services. All comments were noted and have helped to shape the changes to member benefits as outlined in this report. The Board will continually review the services offered and would also be happy to listen to all suggestions regarding the improvement of member services.


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.



Graham Ellis – President



Donald Cooper – Director

June 2015

OFFICE BEARERS AND ADVISORS

PRESIDENT

G Ellis

VICE PRESIDENT

K Creechan

TREASURER

R Turner

DIRECTORS

D Cooper

SOLICITORS

Maclay Murray & Spens LLP

1 George Square

GLASGOW

G2 1AL

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 2015 which comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, 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 2015 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
- 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
16th June 2015

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		£	£
Income			
Subscriptions		65,831	65,462
Income from investments (net)		7,769	7,492
Bank interest		11	12
Rental income		46,615	46,606
Management fees		1,849	5,461
Grant income from SDS (SPTS)	(2)	38,987	43,110
Miscellaneous income		2,444	2,890
		<u>163,506</u>	<u>171,033</u>
Expenditure			
Salaries, national insurance and pension		62,861	67,167
Travel		4,688	4,674
Meetings		1,974	2,790
Administration		34,587	38,918
Premises		5,801	14,964
Subscriptions and surveys		5,468	6,222
Depreciation		505	2,035
Training Costs	(2)	19,759	26,084
Employers Payments (SPTS)	(2)	12,205	9,977
		<u>147,848</u>	<u>172,831</u>
Operating (deficit)/surplus before exceptional costs		15,658	(1,798)
Exceptional Costs			
Pension Scheme Closure		(15,898)	-
Redundancy costs		-	(2,432)
Repairs to investment property		(455)	(4,168)
		<u>(16,353)</u>	<u>(6,600)</u>
Operating deficit after exceptional costs		(695)	(8,398)
Gain/(Loss) on sale of investments		(146)	10,795
Surplus/(deficit) before taxation		(841)	2,397
Taxation	(3)	-	-
Surplus/(deficit) after taxation		<u>(841)</u>	<u>2,397</u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2015

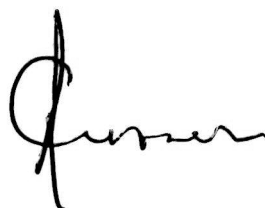
	Note	2015 £	2014 £
Surplus/(deficit) for the year			
Income and Expenditure Account		(841)	2,397
Revaluation of investment property	(8)	(50,000)	-
Total Recognised Gains/(Losses) since the last Financial Statements		<u>(50,841)</u>	<u>2,397</u>

BALANCE SHEET

AS AT 31 MARCH 2015

	Note	2015	2014
		£	£
Fixed Assets			
Tangible assets	(4)	700,237	750,742
Investments at cost	(5)	165,869	166,634
		<u>866,106</u>	<u>917,376</u>
Current Assets			
Debtors and prepayments		38,594	62,555
Cash at bank and in hand		40,205	16,131
		<u>78,799</u>	<u>78,686</u>
Current Liabilities			
Creditors and accruals		<u>21,174</u>	<u>21,491</u>
Net Current Assets		<u>57,625</u>	<u>57,195</u>
		<u>923,731</u>	<u>974,571</u>
Represented by:			
Members' Funds			
Income and Expenditure account		681,353	678,955
Surplus/(deficit) for the year		(841)	2,397
Revaluation reserve		243,219	293,219
		<u>923,731</u>	<u>974,571</u>
Closing Balance		<u>923,731</u>	<u>974,571</u>

Approved by the Executive Board on 12th June 2015



R Turner, Treasurer



D Cooper, Director

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

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.

Pension Costs

Graphic Enterprise Scotland operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of Graphic Enterprise Scotland. The annual contributions payable are charged to the income and expenditure account. Graphic Enterprise Scotland previously operated a defined benefit pension scheme for employees. This scheme is closed and is being wound up.

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

	2015	2014
	£	£
(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	(841)	2,397
	<hr/>	<hr/>
Surplus/(deficit) for the year by rate of tax	(168)	479
Effects of:		
Income not taxable	(29)	(2,159)
Franked investment income	(1,168)	(1,207)
Expenses not deductible for tax purposes	-	-
Chargeable gains	-	1,530
Other short term timing differences	(490)	408
Depreciation for year in excess of capital allowances	101	265
Unrelieved tax losses	1,754	684
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

The entity has an unrecognised deferred tax asset of £43,348 (2014: £42,095) 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 2015 (CONTINUED)

4. Fixed Assets

	Investment Property	Computer & Office Equipment	Total
	£	£	£
COST/VALUATION			
At beginning	750,000	5,106	755,106
Revaluation	(50,000)	-	(50,000)
	<hr/> 700,000	<hr/> 5,106	<hr/> 705,106
DEPRECIATION			
At beginning	-	4,364	4,364
Charge for the year	-	505	505
	<hr/> -	<hr/> 4,869	<hr/> 4,869
NET BOOK VALUE	<hr/> 700,000	<hr/> 237	<hr/> 700,237
NET BOOK VALUE AT BEGINNING	<hr/> 750,000	<hr/> 742	<hr/> 750,742

Investment property was revalued in October 2014 by J & E Shepherd, Chartered Surveyors, on an open market value basis. This valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Standards 2014.

The Executive Board are not aware of any material change in the value of the property since the date of the above valuation and therefore the carrying value 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	700,000	456,781
Depreciation to date	-	-
	<hr/> 700,000	<hr/> 456,781

5. Investments

		Cost	Value
		£	£
715	GlaxoSmithKline	4,619	11,054
1,400	National Grid	7,444	12,106
740	Scottish & Southern Energy	6,062	11,085
330	Unilever	2,562	9,290
380	BHP Billiton	3,470	5,599
4,500	HICL Infrastructure	5,669	7,043
1,700	2.5% Government Stock	5,104	5,580
19,693	M&G Securities Corporate	6,932	8,074
5,600	Fidelity Investments	6,480	6,905
5,600	M&G Investment Manager Global Dividend	8,020	9,944
5,800	JP Morgan Strategic Bond	6,500	6,229
53	Veritas Funds PLC	8,439	8,605
2,400	Ruffer Investment	4,789	5,340
4,700	JP Morgan Emerging Markets	5,033	5,010
5,330	JP Morgan Equity Income	8,089	11,993
550	Pimco Global Investor	5,042	5,555
400	Royal Dutch Shell	5,187	8,396
750	Pearson	12,640	10,883
3,722	BNY Mellon	6,896	7,329
10,989	Aberdeen Unit Managers World Growth and Income	7,020	6,999
7,300	Aviva Investors	7,666	11,135
6,500	Capita Financial Trojan Income	9,807	11,053
8,000	BNY Mellon Newton Global	8,967	9,823
6,800	Jupiter Strategic Bond	4,672	4,596
11,020	Standard Life European Equity	8,760	9,346
		<hr/>	<hr/>
		165,869	208,972
		<hr/>	<hr/>

Cost

	2015	2014
	£	£
Cost brought forward	166,634	157,343
Additions	4,414	27,790
Disposals	(5,179)	(18,499)
	<hr/>	<hr/>
	165,869	166,634
	<hr/>	<hr/>

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

6. 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.

Claire Nisbet, a member of the Executive Board, is an employee of Maclay Murray Spens who invoiced GES £3,066 in respect of various legal services provided during the year on an arms-length basis.

7. Pensions

Graphic Enterprise Scotland operated a defined benefit pension scheme on behalf of certain employees. As there were no active members in that scheme during the year to 31 March 2015, no contributions are made to the scheme. Graphic Enterprise Scotland decided to wind the Scheme up, and payments and accruals of £15,898 were made during the year to settle outstanding liabilities and professional fees associated with the winding up.

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 £2,460 (2014: £2,042) represents contributions payable by Graphic Enterprise Scotland to the Scheme. At 31 March 2015, contributions of £Nil (2014: £Nil) were payable to the Scheme.

8. Revaluation reserve

	2015	2014
	£	£
Reserve brought forward	293,219	293,219
Revaluation in year (note 4)	(50,000)	-
Reserve carried forward	<u>243,219</u>	<u>293,219</u>

EXECUTIVE BOARD 2014-15

OFFICE BEARERS

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

BOARD MEMBERS

D Cooper	Director
K Creechan	J Thomson Colour Printers
G Ellis	Charles Letts & Co
T Price	21 Colour
S Docherty	Bell & Bain
C Nisbet	Maclay Murray Spens LLP
S Paul	Antalis
J Rixon	Hewlett Packard
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,

C/O MACLAY MURRAY & SPENS LLP, 1 GEORGE SQUARE, GLASGOW, G2 1AL

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