

The Scottish Electrical Charitable Training Trust

Trustees' report and financial
statements

Registered charity number: SC001806

31 December 2024

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Trustees and Advisers

Trustees



Principal office

The Walled Garden
Bush Estate
Penicuik
Midlothian
EH26 0SE

Chief Executive



(Resigned April 2024)
(Appointed April 2024)

Auditor

Henderson Loggie LLP
Level 5, The Stamp Office
10-14 Waterloo Place
Edinburgh
EH1 3EG

Bankers

Virgin Bank
83 George Street
Edinburgh
EH2 3ES

Solicitors

Lindsays LLP
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Investment managers

Barclays Wealth and Investment Management
11 Melville Crescent
Edinburgh
EH3 7LU

Trustees' Report

The Trustees are pleased to present their annual report and audited financial statements for the year ended 31 December 2024.

Structure, Governance and Management

The Scottish Joint Industry Board (SJIB) for the Electrical Contracting Industry regulates, in the public interest, the entry, conditions of service, training and education, and the level of skill and safety of apprentices and adult trainees in Scotland. The SJIB has delegated the management of its training schemes to the Scottish Electrical Charitable Training Trust (SECTT). SECTT's sole function is the management of the SJIB Training Schemes. This is carried out by ensuring that the training requirements are met and that all apprentices and adult trainees are monitored, both on and off site. SECTT does this by means of a highly skilled team of Training Officers, Assessment Centre staff and Administrative Support staff. SECTT also organises the collection and distribution of financial assistance for training and assist employers with their recruitment of apprentices and adult trainees.

Nature of Governing Document

The Scottish Electrical Charitable Training Trust is constituted by Trust Deed.

Appointment of Trustees

In accordance with the Trust's founding document, Trustees are appointed by the Trust's main sponsors; SELECT (Trade Association) and Unite the Union (Trade Union). Each sponsor appoints three trustees.

Policies and Procedures for Induction and Training of Trustees

The Chief Executive organises an induction programme for new Trustees, which includes an explanation of the activities of the Trust, providing a copy of the Trust Deed together with copies of all strategic policy documents, the current risk assessment and the most recent management and financial accounts. The induction includes a tour of the SECTT premises. Specific training for Trustees is arranged as the need arises.

Decision Making Structure

The Trustees are responsible for the governance and strategic decisions and the Chief Executive is responsible for day-to-day management of the Trust's operations.

Pay of Key Management

The Chief Executive's remuneration has been benchmarked against industry salaries and any increases are in line with the industry's collective agreement (the SJIB National Working Rules). The Trustees take account of the independent reviews of industry salaries and can make adjustments in line with these reviews. Remuneration of the Finance and Office Manager, the Training and Development Manager and the Assessment Centre Manager are also benchmarked against industry salaries and any increases are given in line with the industry's collective agreement. The Chief Executive has the authority to give merit, or special project increases as appropriate.

To ensure that SECTT is able to attract and retain staff, all salaries are benchmarked against "industry" salaries to ensure that SECTT's staff are remunerated at the appropriate level.

Trustees' Report (*continued*)

Risk Management

The Trustees regularly examine and review the major strategic, business, and operational risks which the charity faces. They have established systems to enable regular reports to be produced so that the necessary steps can be taken to manage these risks.

Key risks to SECTT are:

- Cessation of funding by Skills Development Scotland – this links into the SECTT reserves policy, that there must be adequate funds to ensure that all those in training, should the SDS funding cease, can complete their training and become qualified Electricians. The SECTT Trustees discuss and review the investment policy and strategy at all quarterly meetings.
- Reputational risks, the integrity and credibility of the Electrical Installation training programmes. SECTT monitors the programmes continually and works with employers and industry partners to ensure that the programmes are fit for purpose.
- The desire of some colleges, led by the Colleges Scotland Modern Apprentice Working Group, to contract direct with SDS to deliver the MA in Electrical Installation without the involvement of SECTT.
- SQA Awarding's insistence that Onsite Workplace Assessment is the principal assessment method in the SVQ.

Objectives and Activities

The Trust was established on 7 September 1990. The purposes of the Trust are:

- (a) To promote education by providing or assisting with the provision of training in all aspects of electrical and electronic trades and industries, and allied trades and industries in Scotland for young persons, apprentices, persons on Government training schemes of whatever nature, adults and disabled persons and such other persons as the trustees shall in their sole discretion, including without prejudice to the foresaid generality persons employed or intending to be employed in the industries.
- (b) To provide advice, counselling, and job experience for trainees.
- (c) To carry out any other charitable activities or charitable operations which the Trustees consider necessary or desirable in connection with, or ancillary to, the aforesaid purposes.

Funding Contribution

The Trust receives most of its income from Skills Development Scotland who give a contribution to training for each Modern Apprentice (MA). The Trust receives the payments in instalments over the period of each MA's training.

On-Site Training Support

On-site training support is paid to employers of apprentices as they progress through the apprentice training programme. The training support payments are subject to SECTT receiving sufficient funding from Skills Development Scotland and are currently payable to the employer once the apprentice is upgraded to the next stage of the training programme.

Heritable Property

The Trust owns the SECTT Assessment Centre in Cambuslang which is used to assess candidates undertaking the FICA (Final Integrated Competence Assessment) and the ACA (Advanced Competence Assessment). The facility also provides the opportunity to further raise awareness of SECTT and the

Trustees' Report *(continued)*

work of the charity in the West of Scotland. The training room within the Assessment Centre is regularly used by SELECT to deliver some of its short training courses.

Achievements and Performance

The Trustees are satisfied that SECTT has met the requirements of employers throughout Scotland with a total of 713 apprentices and 128 adult trainees recruited by the end of 2024. The Crediting Electrotechnical Competence (CEC) scheme attracted 10 registered candidates and 2 CEC candidates passed the Final Integrated Competence Assessment (FICA) during 2024. This compares with 749 apprentices, 139 adult trainees and 16 CEC candidates in the previous year. The total number of persons in training and managed by SECTT in December 2024 was 3128. The number of electrical contractors in Scotland currently training apprentices is 1121. SECTT ensures that every company has the opportunity to recruit and train apprentice Electricians. All apprentices and adult trainees are classed as Modern Apprentices, they are permanently employed on PAYE and follow the approved SJIB Training Programmes.

The level of recruitment over the last few years demonstrates the outstanding commitment of electrical contractors to train people for the future well-being of the industry and safety of the public. Also, the number of applications received demonstrates that there is significant interest from young people wishing to become Electricians. Recruitment for both parties is aided by the number of pre-apprenticeship courses for the electrical industry which are designed and delivered by a number of the Approved Centres with SECTT's support.

All apprentices and adult trainees follow the Modern Apprenticeship which culminates with the award of a Modern Apprenticeship certificate and a Scottish Vocational Qualification in Electrical Installation at SCQF 7 Installation together with the SJIB Craft and FICA Certificates.

Skills Development Scotland's funding contribution has remained the same for mainstream apprentices aged 16-20 since 2017/18. The funding for adults has remained the same since 2018/19. This funding contribution has delivered funding support for all electrical apprentices regardless of age. With three available routes to Electrician status through Modern Apprenticeship training, there is an opportunity of open access to anyone, irrespective of age, who wishes to qualify as an Electrician. In addition, SECTT has actively encouraged adults to train, and existing operatives to upskill, through the different routes to Electrician status.

The management and administration of training involves advertising career routes in the electrical industry, assessing the suitability of applicants and circulating details of applicants who have met the minimum standards of employers for interview and subsequent employment. SECTT contracts with 22 Approved Centres throughout Scotland to provide the off-the-job element of training, and sources funding from Skills Development Scotland as a contribution towards the costs of training a Modern Apprentice.

SECTT leads the delivery of the Construction and Built Environment Challenge (CABEC). Each year, three hundred S2 pupils and thirty teachers take part in a number of heats and one hundred pupils take part in the Grand Final. This year, the final was held on 6 February 2024. It was an excellent event and the feedback from teachers, pupils and the challenge providers were, as always, positive.

SECTT, working with The King's Trust and West College Scotland, Paisley Campus, delivered the Get into Electrical Programme in the summer. Fourteen young people took part in the course, four of whom were offered places on the Modern Apprenticeship and three went on to join pre-apprenticeship courses offered by the college.

Economic Climate

The economic climate has once again proven to be a challenge. The Scottish economy continued to face uncertainty, fuelled by business concerns about recruitment, cost pressures and price hikes. Despite this, the number of redundant apprentices has continued to be low and SECTT, working closely with the SJIB, employers and Unite the Union, has been able to keep apprentices in training. The

Trustees' Report (continued)

Trustees are pleased with the level of commitment and support that employers show in continuing to recruit apprentices. The close working relationship of SECTT with the SJIB will continue for the foreseeable future, with the aim of keeping the maximum number of apprentices in training. SECTT will also broker any government grants that would support employers and training.

Investment Policy

There are no restrictions on the charity's power to invest. The investment strategy was initially set up by the Trustees for a period of five years and is now reviewed quarterly. The Trustees consider the income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. Specific investment restrictions apply to the portfolio to avoid tobacco and ethically hostile companies. This strategy is set within an overall policy which states that the fund has to be invested in low and medium risk investments with a view to ensuring that capital appreciation of the funds exceeds inflation over each yearly period. The Trust's strategy is reviewed annually with the investment manager and is discussed at all Trust Meetings.

Financial Review

The results for the period are set out in full in the statement of financial activities on page 10. The results for the year indicate a net surplus of £293k (2023: net surplus of £768k) and reserves of £7,862k (2023: £7,568k). There were net gains on investments of £346k (2023: net gains of £334k) which have recovered losses experienced in 2022. Stock markets remain volatile with respect to international events and geopolitics. Excluding the movement on investments, the Trust made a deficit on operations of £52k (2023: £433k surplus).

Reserves Policy

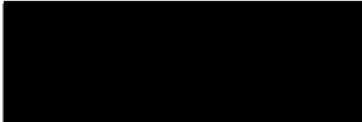
The charity's current unrestricted free reserves are £7.51m, being total unrestricted reserves of £7.86m less tangible fixed assets of £0.35m. The charity maintains funds in general for the training of its apprentices and adult trainees, which will be fully utilised in that process. While the future training costs will be met from funding awards in subsequent financial years, the Trust's reserves policy aims to maintain the reserves at a level which will enable support towards completion of their Modern Apprenticeship to be given to apprentices and adult trainees currently in training, should the present funding contribution cease. £5.8 million of the reserves are held in investments which act to provide a valuable income stream of circa £0.15m per annum which enables the charity to work towards break even annually, as well as providing the potential support funding should it be required. The remaining free reserves provide the working capital requirements for the organisation.

Plans for Future Periods

The Trust aims to continue to manage the recruitment, retention, and training of competent and safety conscious electricians for the industry. To achieve this, links to the careers service and employers will be maintained, to ensure there are opportunities for young people and adults to enter the industry and for employers to grow their businesses. The Trust will continue to work closely with the trade association for the Scottish electrical industry (SELECT), the Scottish Joint Industry Board (SJIB) and Unite the Union. In addition, there will be continual monitoring of training systems to ensure the safety of apprentices, adult trainees, Electricians, contractors, clients, and the public.

Approval of the Trustees' Annual Report

So far as each Trustee is aware, there is no relevant audit information of which the auditor is unaware. Each trustee has taken the appropriate steps as a trustee to make themselves aware of such information and to establish that the auditor is aware of it.



Trustee

28 May 2025

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the trustees of The Scottish Electrical Charitable Training Trust

Opinion

We have audited the financial statements of The Scottish Electrical Charitable Training Trust (the 'charity') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the trustees of The Scottish Electrical Charitable Training Trust
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- The information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: Health and Safety; employment law (including the Working Time Directive) and compliance with charity legislation .
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

Independent auditor's report to the trustees of The Scottish Electrical Charitable Training Trust
(continued)

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board and other trustee or management meeting minutes for discussions of irregularities including fraud;
- Reading correspondence with regulators, where applicable, to determine the extent of compliance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of investments, and accrued and deferred income;
- Documenting and verifying all significant related party balances and transactions;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees 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 charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

30 June 2025

Henderson Loggie LLP
Chartered Accountants
Statutory Auditor
11-15 Thistle Street
Edinburgh
EH2 1DF

Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

**Statement of financial activities
for the year ended 31 December 2024**

	Notes	Total Unrestricted 2024 £	Total Unrestricted 2023 £
Income from:			
Donations and grants	3	-	6,672
Charitable activities	4	6,195,154	6,497,625
Other trading activities		9,888	13,462
Investments	5	163,502	150,746
Total income		6,368,544	6,668,505
Expenditure on:			
Raising funds	6	(1,194)	(1,201)
Charitable activities	7	(6,419,724)	(6,233,918)
Total expenditure		(6,420,918)	(6,235,119)
Net gains/(losses) on investments	12	345,751	334,532
Net income being net movement in funds		293,377	767,918
Fund balances brought forward		7,568,198	6,800,280
Fund balances carried forward		7,861,575	7,568,198

The Trust has not discontinued existing operations or acquired new operations in the year.

**Balance sheet
as at 31 December 2024**

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	11		352,120		334,916
Investments	12		5,825,327		5,381,760
			<u>6,177,447</u>		<u>5,716,676</u>
Current assets					
Stocks		15,025		17,895	
Debtors	13	504,417		368,463	
Cash at bank and in hand		2,923,571		3,226,523	
		<u>3,443,013</u>		<u>3,612,881</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(1,758,885)		(1,761,359)	
Net current assets			<u>1,684,128</u>		<u>1,851,522</u>
Net assets			<u>7,861,575</u>		<u>7,568,198</u>
Funds					
Unrestricted funds	15		7,861,575		7,568,198
Total Funds			<u>7,861,575</u>		<u>7,568,198</u>

These financial statements were considered by the trustees on at their meeting on 28 May 2025 and were
their behalf by

Trustee

**Statement of cash flows
for the year ended 31 December 2024**

	2024	2024	2023	2023
	£	£	£	£
Cash flows from operating activities				
Net income / (expenditure)	293,377		767,918	
(Gain)/loss on investments	(345,751)		(334,532)	
Depreciation charges	83,374		91,310	
(Gain)/loss on disposal of tangible fixed assets	1,539		(7,770)	
Decrease in stocks	2,870		7,887	
(Increase)/Decrease in debtors	(135,954)		195,637	
(Decrease)/Increase in creditors	(2,473)		247,203	
Income from investments	(163,502)		(150,746)	
Cash (utilised in)/generated by operating activities		(266,520)		816,907
Cash flows from investing activities				
Interest received	33,811		21,885	
Dividend income	129,691		128,861	
Payments to acquire tangible fixed assets	(133,826)		(56,925)	
Receipts from sales of tangible fixed assets	31,709		8,850	
Payments to acquire investments	(1,077,503)		(2,386,018)	
Receipts from sales of investments	952,062		2,208,021	
Movement in cash held for re-investment	27,624		80,416	
Cash (utilised in)/generated by investing activities		(36,432)		5,090
Increase/(decrease) in cash and cash equivalents in the year		(302,952)		821,997
Cash and cash equivalents at beginning of year		3,226,523		2,404,526
Cash and cash equivalents at end of year		2,923,571		3,226,523

Notes to the financial statements for the year ended 31 December 2024

1 Accounting policies

The Scottish Electrical Charitable Training Trust is an unincorporated charity with the registered office as noted on page 1. The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the charity's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, and in accordance with applicable accounting standards, modified for the revaluation of investments. The charity is a Public Benefit Entity and the financial statements comply with the charity's Constitution, the Statement of Recommended Practice (SORP) FRS 102 'Accounting and Reporting by Charities', FRS 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements are prepared in £ sterling which is functional currency of the charity rounded to the nearest pound.

Going concern

The financial statements are prepared on a going concern basis. The Trustees believe this is appropriate having looked at the current financial position and future funding prospects. In reaching this judgement, the Trustees have considered a period of at least 12 months from the date of approval of the financial statements and have not identified any material uncertainties in respect of going concern in that period.

Income

Income is recognised when the charity has entitlement to funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Investment income is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the income paid or payable.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Direct costs have been allocated directly to the relevant expenditure category. Some support costs are allocated directly to relevant expenditure categories with the remainder apportioned between the various elements of charitable expenditure on a pro rata basis. Support costs relate to the administrative costs of running the charity and are allocated to charitable activities accordingly. They include governance costs which are those costs involving the public accountability of the charity and its compliance with regulations and good practice and include the costs of statutory audit and legal fees, together with the costs of trustees' meetings. Where VAT is applicable on costs it is not recoverable.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Redundancy and termination payments are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Notes to the financial statements for the year ended 31 December 2024

1 Accounting policies (*continued*)

Fixed assets

There is no de minimis limit for capitalisation of assets. All assets are held at cost. Depreciation is provided by the Trust to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Premises and improvements	50 years straight line
Motor vehicles	5 years straight line
Office furniture and equipment	5 years straight line
Computing equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

Investments and investment income

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date by reference to the Stock Exchange mid prices. Realised and unrealised gains and losses are charged or credited in the statement of financial activities. The main form of financial risk faced by the Trust is that of volatility in the investment markets due to wider economic conditions. Investment income is re-invested. Investment income is recognised when receipt is probable.

Stock

Stock is stated at the lower of cost and net realisable value.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash

Cash at bank and in hand includes cash and highly liquid short-term investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. The Trust has no complex financial instruments.

Taxation

The Trust is recognised by HM Revenue & Customs as a charity for the purposes of the Corporation Tax Act 2010, part 11 and is exempt from income and corporation tax on its charitable activities.

Notes to the financial statements for the year ended 31 December 2024

1 Accounting policies (*continued*)

Defined benefit pension scheme

The charity is a member of a defined benefit pension scheme which is closed to future members and provides benefits on final pensionable pay. The assets of the scheme are held separately from the charity. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Employer current pension contributions are charged to the Statement of Financial Activities in the period to which they relate.

Defined contribution pension scheme

The charity also participates in a defined contribution pension scheme for employees who joined after 2014 which provides benefits based on contributions. Employer contributions are charged to the Statement of Financial Activities in the period to which they relate.

Operating leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Funds

Restricted funds are funds subject to specific requirements, which may be declared by the donor or used only, on or with their authority. Restricted Funds may be restricted income funds which are expendable at the discretion of the trustees in the furtherance of a particular aspect of the objects of the Trust or may be capital funds, where the assets are required to be invested or retained for actual use rather than expended.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Trust's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the trustees have made the following judgements:

- Determine whether leases entered into by the charity as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

**Notes to the financial statements
for the year ended 31 December 2024**

3 Income from donations and grants

	2024	2023
	£	£
Scottish Joint Industry Board	-	6,672
	<u>-</u>	<u>6,672</u>
	<u><u>-</u></u>	<u><u>6,672</u></u>

4 Income from charitable activities

	2024	2023
	£	£
Skills Development Scotland - Funding contributions	6,109,873	6,368,620
Employers' funding	3,901	4,581
FICA, ACA and CEC fees	81,380	124,424
	<u>6,195,154</u>	<u>6,497,625</u>
	<u><u>6,195,154</u></u>	<u><u>6,497,625</u></u>

5 Income from investments

	2024	2023
	£	£
Interest receivable	33,811	21,885
Dividend income	129,691	128,861
	<u>163,502</u>	<u>150,746</u>
	<u><u>163,502</u></u>	<u><u>150,746</u></u>

6 Expenditure on raising funds

	2024	2023
	£	£
Investment management costs	1,194	1,201
	<u>1,194</u>	<u>1,201</u>
	<u><u>1,194</u></u>	<u><u>1,201</u></u>

7 Expenditure on charitable activities

	2024	2024	2024	2023	2023	2023
	Direct	Support	Total	Direct	Support	Total
	costs	costs	costs	costs	costs	costs
	£	£	£	£	£	£
Employer training support	1,226,790	116,043	1,342,833	1,290,833	87,738	1,378,571
College fees	2,205,835	208,651	2,414,486	2,274,855	154,623	2,429,478
Assessment centre costs	403,313	38,150	441,463	426,027	28,957	454,984
Apprentice costs	638,098	60,358	698,456	574,533	39,051	613,584
Training officers' costs	1,390,918	131,568	1,522,486	1,270,916	86,385	1,357,301
	<u>5,864,954</u>	<u>554,770</u>	<u>6,419,724</u>	<u>5,837,164</u>	<u>396,754</u>	<u>6,233,918</u>
	<u><u>5,864,954</u></u>	<u><u>554,770</u></u>	<u><u>6,419,724</u></u>	<u><u>5,837,164</u></u>	<u><u>396,754</u></u>	<u><u>6,233,918</u></u>

**Notes to the financial statements
for the year ended 31 December 2024**

8	Support costs	2024	2023
		£	£
	Staff costs	388,751	240,619
	Travel and subsistence	618	795
	Premises	68,391	68,436
	Office equipment costs	23,658	12,499
	Office supplies	11,602	10,362
	Professional fees	38,675	38,941
	Depreciation	5,647	10,228
	Governance costs (note 9)	17,427	14,874
		554,769	396,754
9	Governance costs	2024	2023
		£	£
	Auditors' remuneration	13,000	12,050
	Other external review costs	2,675	2,410
	Cost of trustee's meetings	1,752	414
		17,427	14,874

10 Trustees / Employees

The trustees received no remuneration, other benefits or reimbursement of expenses during the current or prior year.

The average number of persons employed during the year, analysed by category, was as follows:

	2024	2023
	£	£
Administration	17	18
Training	14	15
	31	33
The full-time equivalent number of employees was	31	33

**Notes to the financial statements
for the year ended 31 December 2024**

10 Employees (continued)

The average payroll costs of these persons were as follows:	2024	2023
	£	£
Wages and salaries	1,462,178	1,282,891
Social security costs	175,906	153,972
Pension costs - Defined contribution scheme	173,020	142,336
	1,811,104	1,579,199
Remuneration of key management personnel	367,660	283,747
Number of employees with employee benefits (excluding employer pension costs) in excess of £60,000:	2024	2023
	No.	No.
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1

Termination payments totalling £74,219 were paid out in the year (2023: nil).

11 Tangible fixed assets

	Premises & improvements	Motor vehicles	Computing equipment	Office furniture & test equipment	Total
	£	£	£	£	£
Cost					
At start of year	246,500	362,492	76,458	276,720	962,170
Additions	-	112,615	19,546	1,665	133,826
Disposals	-	(125,417)	(22,341)	(12,290)	(160,048)
At end of year	246,500	349,690	73,663	266,095	935,948
Depreciation					
At start of year	139,896	156,934	68,233	262,191	627,254
Charge for year	4,931	65,084	9,353	4,006	83,374
Disposals	-	(92,764)	(21,746)	(12,290)	(126,800)
At end of year	144,827	129,254	55,840	253,907	583,828
Net book value					
At 31 December 2024	101,673	220,436	17,823	12,188	352,120
Net book value					
At 31 December 2023	106,604	205,558	8,225	14,529	334,916

**Notes to the financial statements
for the year ended 31 December 2024**

12 Fixed asset investments	2024	2023
Quoted investments	£	£
Fair value at beginning of year	5,381,760	4,949,647
Less cash held for reinvestment	(128,225)	(208,947)
	5,253,535	4,740,700
Additions at cost	1,077,503	2,386,018
Disposals proceeds	(952,062)	(2,208,021)
Net investment gains/(losses)	345,751	334,532
Other cash movements	-	306
	5,724,727	5,253,535
Add cash held for reinvestment	100,600	128,225
	5,825,327	5,381,760
Fair value at end of year	5,825,327	5,381,760
	5,386,374	5,215,839
Historical cost at end of year	5,386,374	5,215,839

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility to growth. The Trust's investment strategy is to ensure capital growth of funds in excess of inflation each year and as such the portfolio is invested in low to medium risk stocks. Liquidity risk is anticipated to be low as all assets are traded in markets with good liquidity and high trading volumes and this is expected to continue. The Trust manages these investment risks by retaining expert advisors to manage its investment portfolio. The investment policy is reviewed annually to ensure the protection of the real value of the portfolio in the longer term.

**Notes to the financial statements
for the year ended 31 December 2024**

13 Debtors	2024	2023
	£	£
Trade debtors	8,105	5,889
Other debtors	1,737	5,915
Prepayments and accrued income	494,575	356,659
	<u>504,417</u>	<u>368,463</u>
	<u><u>504,417</u></u>	<u><u>368,463</u></u>
14 Creditors	2024	2023
	£	£
Trade creditors	64,976	60,173
College fees	814,816	921,367
Accruals	808,188	719,791
Fees received in advance	15,720	7,349
Social security and other taxes	44,276	39,067
Other creditors	-	3,447
Funds held on behalf of others*	10,909	10,165
	<u>1,758,885</u>	<u>1,761,359</u>
	<u><u>1,758,885</u></u>	<u><u>1,761,359</u></u>

* These funds are held in respect of the Construction and Built Environment Challenge (CABEC). CABEC is a partnership of likeminded institutions, Sector skills councils, training facilitators and industry. Its aim is to highlight the career opportunities available within the construction, engineering and building services industries to young people in a full and challenging way. It does so by holding a competition for 13-14-year-olds which is primarily sponsored by local interested parties. £10,165 (2023: £9,209) of funds were held at the start of the period of which £6,756 (2023: £6,544) were spent during the period and a further £7,500 (2023: £7,500) were received in the period. The balance of funds available of £10,909 (2023: £10,165) remains at the year end.

Fees received in advance	£
Deferred income at 1 January 2024	7,349
Resources deferred during the year	15,720
Amounts released from previous years	(7,349)
	<u>15,720</u>
Deferred income at 31 December 2024	<u><u>15,720</u></u>

Fees received in advance are re-sit fees received in advance of the re-sit date.

**Notes to the financial statements
for the year ended 31 December 2024**

15 Funds	2024	Opening balance £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Closing balance £
	Unrestricted General	7,568,198	6,368,544	(6,420,918)	345,751	-	7,861,575
	Total Funds	7,568,198	6,368,544	(6,420,918)	345,751	-	7,861,575
	2023	Opening balance £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Closing balance £
	Unrestricted General	6,800,280	6,668,505	(6,235,119)	334,532	-	7,568,198
	Total Funds	6,800,280	6,668,505	(6,235,119)	334,532	-	7,568,198

16 Commitments

The Trust has total minimum future commitments under operating leases as follows:

	2024 £	2023 £
Operating leases which expire:		
Less than one year	74,206	77,093
Two to five years	289,460	279,877
Due over 5 years	-	48,715
	363,666	405,685

Operating lease payments of £71,897 (2023: £71,897) were paid in the year.

Future commitments

The Trust has entered into commitments in respect of training assistance provided to apprentices and employers throughout the duration of the apprenticeship. The commitment at the balance sheet date is estimated to be in the region of £5 million. These costs are treated as liabilities of future periods to which they are time related and will be financed by specific funding contributions or other income receivable in those periods.

Notes to the financial statements for the year ended 31 December 2024

17 Pension costs

The Trust participates in the ITB Pension Funds Schemes. The Defined Benefit Scheme was closed to new entrants in 2012 and in 2014 the Trust joined the Defined Contribution scheme of the ITB Pension Funds for new permanent members of staff. The Defined Benefit Scheme provides benefits based on final pensionable salary.

The total Defined Contribution pension charge for the year was £173,020 (2023: £142,336). The amounts outstanding for the Defined Contribution Scheme for the year end were £nil (2023: £nil).

An actuarial valuation is carried out every three years for the defined benefit scheme, the rates of contribution payable and the pension cost being determined on the advice of the actuaries.

The latest actuarial valuation of the Open Fund was at 31 March 2022 by a professionally qualified independent actuary using the 'projected unit method' and revealed a surplus of £24.8 million. No employers had negative employer pots and the schedule of contributions from 1 January 2024 required no additional employer contributions. The next valuation will be at 31 March 2025.

The Trust's defined benefits scheme is a multi-employer scheme as defined by FRS 102. The Trust's actuaries cannot easily separately identify and value the Trust's share of underlying assets and liabilities in respect of the scheme. The contributions payable by the Trust to the fund are disclosed above. In the period January to December 2024 employees paid contributions of 5% into the defined contribution scheme, while SECTT paid employer contributions of 10%.

18 Financial instruments

	2024 £	2023 £
Carrying amount of financial assets		
Equity instrument measured at fair value through profit and loss	5,825,327	5,381,760

Equity instruments measured at fair value through profit and loss comprises listed investments.

19 Related parties

As noted within the trustees report, both SELECT and UNITE are represented on the Board of Trustees and are considered related parties on that basis. SJIB delegate the management of training schemes to the charity and as such, are also considered a related party. During the year, the charity received services totaling £6,000 (2023: £6,000) from SELECT and £6,000 (2023: £6,000) from UNITE for consultancy advice to enable the charity to operate in meeting the demands of the Industry. The balance due to SELECT at the year-end was £6,000 (2023: £15,888) and the balance due to UNITE at the year-end was £3,500 (2023: £3,500). £63,550 (2023: £63,550) of rent was also paid to SELECT in the year. In accordance with the Trust's founding document each of these organisations appoints three trustees. During the year, the charity incurred registration fees amounting to £168,800 (2023 - £192,000) from SJIB and at the year end this amount was outstanding.

One of the trustees, [REDACTED] is also the director of [REDACTED] Electrical Contractors, a company which was awarded on-site training support payments of £1,500 (2023: £500) by the Trust in respect of apprentices' employment during the year.

The support paid to every employer in relation to an apprentice is the same throughout Scotland. The on- site training support structure and value is approved annually by the trustees.

20 Ultimate controlling party

The charity is constituted by Trust Deed and is controlled by the elected trustees.