Grant Thornton

# Financial Statements

## The Register of Electrical Contractors of Ireland Limited

**For the year ended 31 December 2014**

# Company Information

| | |
|---|---|
| **Directors** | J. Rice<br>J. O'Dwyer<br>M. Ryan<br>D. Butler (resigned 3 April 2014)<br>D. Higgins (appointed 15 July 2014 & resigned 14 June 2014)<br>M. Hand<br>J. Fletcher<br>J. McManus<br>B. Hegarty<br>P. Leddy (appointed 15 July 2014) |
| **Company secretary** | Paul Waldron |
| **Registered number** | 176644 |
| **Registered office** | Unit 9, KCR Industrial Estate<br>Ravensdale Park<br>Kimmage<br>Dublin 12 |
| **Independent auditors** | Grant Thornton<br>Chartered Accountants & Registered Auditors<br>24 - 26 City Quay<br>Dublin 2 |
| **Bankers** | Allied Irish Bank<br>9 Terenure Road East<br>Rathgar<br>Dublin 6 |
| **Solicitors** | Daly Lynch Crowe and Morris<br>The Corn Exchange<br>Burgh Quay<br>Dublin 2 |

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# Directors' report
**For the year ended 31 December 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

## Principal activities

The principal activity of the company during the year is to be a non profit - making regulatory body for the electrical contracting industry. On 21 October 2008 the company was appointed by the Commission for Energy Regulation (CER) to be the electrical safety supervisory body under S9D(1)(a) of the Electricity Regulation Act 1999 (as amended) for a period of 7 years from the "go live date", 5 January 2009. Under the terms of agreement with CER the company must operate on a not-for-profit basis. Any surplus arising on regulated activities cannot be distributed to members of the company but used to fund future regulated activities. In addition to regulated activities the company may conduct permitted activities which are not subject to regulation by CER and any surplus arising on permitted activities shall be available to the members.

## Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the company are in the following categories:

### Principal risks
The principal risk facing the company is that it will not be successful in its bid to be re-designated as the Electrical Safety Supervisory Body when the existing contract comes to an end on 5th January 2016. The directors are taking every step to ensure the company meets its agreed performance targets with the Commission for Energy Regulation and is successful in its bid.

### Financial risk
The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk. All key financial figures are monitored on an ongoing basis.

### People in our business
The continued success of the company has been achieved by the people working in it. The relatively low turnover of personnel reflects the general policy of providing good terms and conditions of employment while dealing with staff as well as the other stakeholders in the business, in a fair and consistent manner.

## Results and dividends

The profit for the year, after taxation, amounted to €44,021 (2013 - €205,672).

The directors have not recommended a dividend.

## Important events since the end of the year

On 6th March 2015, the CER launched a competitive Designation Process in order to appoint an Electrical Safety Supervisory Body to operate from January 2016 for a seven year period. The principal functions of the Electrical Safety Supervisory Body shall include, without limitation, the registration of electrical contractors and, the inspection, auditing and monitoring of electrical contractors and their works and activities in respect of safety.

The company is currently participating in the process to be appointed the supervising body.

# Directors' report

**For the year ended 31 December 2014**

## Directors

The directors who served during the year were:

J. Rice
J. O'Dwyer
M. Ryan
D. Butler (resigned 3 April 2014)
D. Higgins (resigned 14 June 2014 & reappointed 15 July 2014)
M. Hand
J. Fletcher
J. McManus
B. Hegarty
P. Leddy (appointed 15 July 2014)

## Accounting Records

The measures taken by the directors to ensure compliance with the requirements of Section 202 of the Companies Act 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the company are maintained at Unit 9, KCR Industrial Estate, Dublin 12.

## Auditors

The auditors, Grant Thornton, continue in office in accordance with section 160(2) of the Companies Act 1963.

This report was approved by the board and signed on its behalf.

**J. O'Dwyer**
Director

Date: 14 April 2015

**M. Ryan**
Director

Date: 14 April 2015

# Directors' responsibilities statement

**For the year ended 31 December 2014**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements giving a true and fair view of the state of affairs of the company and of the profit or loss of the company for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2013. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

**J. O'Dwyer**
Director

Date: 14 April 2015

**M. Ryan**
Director

Date: 14 April 2015

# Independent auditors' report to the shareholders of The Register of Electrical Contractors of Ireland Limited

We have audited the financial statements of The Register of Electrical Contractors of Ireland Limited for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's shareholders, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

GrantThornton

# Independent auditors' report to the shareholders of The Register of Electrical Contractors of Ireland Limited

## Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.

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

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Turlough Mullen FCA
for and on behalf of
**Grant Thornton**
Chartered Accountants
Registered Auditors

24 - 26 City Quay
Dublin 2

14 April 2015

# Income and expenditure account

**For the year ended 31 December 2014**

| | Note | 2014 € | 2013 € |
|---|---|---|---|
| **Turnover** | 1,2 | **1,179,810** | 1,179,000 |
| Cost of sales | | **(928,514)** | (778,047) |
| **Gross profit** | | **251,296** | 400,953 |
| Administrative expenses | | **(213,983)** | (202,476) |
| **Operating profit** | 3 | **37,313** | 198,477 |
| Interest receivable and similar income | | **9,707** | 8,718 |
| **Profit on ordinary activities before taxation** | | **47,020** | 207,195 |
| Tax on profit on ordinary activities | 6 | **(2,999)** | (1,523) |
| **Profit on ordinary activities after taxation** | | **44,021** | 205,672 |
| **Profit brought forward** | | **1,082,177** | 876,505 |
| **Retained profit carried forward** | | **1,126,198** | 1,082,177 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Income and expenditure account.

Signed on behalf of the board

**J. O'Dwyer**
Director

Date: 14 April 2015

**M. Ryan**
Director

Date: 14 April 2015

The notes on pages 9 to 15 form part of these financial statements.

# Balance sheet
**As at 31 December 2014**

| | Note | € | **2014** € | € | 2013 € |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 7 | | **399,819** | | 372,466 |
| **Current assets** | | | | | |
| Stocks | 8 | **15,887** | | 13,014 | |
| Debtors | 9 | **129,378** | | 93,468 | |
| Cash at bank and in hand | | **724,779** | | 707,904 | |
| | | **870,044** | | 814,386 | |
| **Creditors:** amounts falling due within one year | 10 | **(143,665)** | | (104,675) | |
| **Net current assets** | | | **726,379** | | 709,711 |
| **Net assets** | | | **1,126,198** | | 1,082,177 |
| **Capital and reserves** | | | | | |
| Profit and loss account | | | **1,126,198** | | 1,082,177 |
| | | | **1,126,198** | | 1,082,177 |

Signed on behalf of the board:

**J. O'Dwyer**
Director

Date: 14 April 2015

**M. Ryan**
Director

Date: 14 April 2015

The notes on pages 9 to 15 form part of these financial statements.

# Cash flow statement

**For the year ended 31 December 2014**

| | Note | **2014** **€** | 2013 € |
|---|---|---|---|
| Net cash flow from operating activities | 13 | **95,758** | 162,926 |
| Returns on investments and servicing of finance | 14 | **9,707** | 8,718 |
| Taxation | 14 | **(4,362)** | (1,637) |
| Capital expenditure and financial investment | 14 | **(84,228)** | (39,124) |
| **Increase in cash in the year** | | **16,875** | 130,883 |
| **Movement in net funds in the year** | | **16,875** | 130,883 |
| Net funds at 1 January 2014 | | **707,904** | 577,021 |
| **Net funds at 31 December 2014** | | **724,779** | 707,904 |

The notes on pages 9 to 15 form part of these financial statements.

# Notes to the financial statements
**For the year ended 31 December 2014**

## 1. Accounting policies

### 1.1 Basis of accounting

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland, and Irish statute comprising the Companies Acts, 1963 to 2013.

### 1.2 Turnover

The Turnover shown in the income and expenditure account represents amounts invoiced during the year, exclusive of Value Added Tax.

### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---|---|---|
| Freehold property | - | 2% straight line |
| Office equipment | - | 25% straight line |

### 1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

### 1.5 Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### 1.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Timing differences are differences between the profit as computed from taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

# Notes to the financial statements

**For the year ended 31 December 2014**

## 1. Accounting policies (continued)

### 1.7 Deferred set up costs

Set up costs in relation to the contract with the Commission for Energy Regulation (the CER) are being released to the profit and loss account over the period of the contract, 7 years.

### 1.8 Policy on allocation of costs between regulated activities and permitted activities

The company allocates the cost of staff between regulated activities and permitted activities on the basis of the number of staff employed in each cost centre and allocate overhead costs on the basis of actual costs where applicable and apportions shared costs on the basis of activity levels.

### 1.9 Accounting policy on reserve

Under the terms of agreement with the CER, the company must operate regulated activities on a not-for-profit basis. Any surplus arising on regulated activities cannot be distributed to members of the company but used to fund future regulated activities. In addition to regulated activities the company may conduct permitted activities which are not subject to regulation by the CER and any surplus arising on permitted activities shall be available to the members.

## 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| Republic of Ireland | **1,179,810** | 1,179,000 |

## 3. Operating profit

The operating profit is stated after charging:

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | **30,551** | 21,091 |
| Auditors' remuneration | **9,500** | 9,500 |

# Notes to the financial statements
**For the year ended 31 December 2014**

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows:

| | 2014 € | 2013 € |
|---|---|---|
| Wages and salaries | **509,251** | 471,825 |
| Social welfare costs | **60,704** | 50,304 |
| Staff pension costs | **24,420** | 26,217 |
| | **594,375** | 548,346 |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2014 No. | 2013 No. |
|---|---|---|
| Number of administrative staff | **6** | 6 |
| Number of other staff - inspectors | **6** | 6 |
| Number of other staff - directors and secretaries | **9** | 9 |
| | **21** | 21 |

## 5. Directors' remuneration

| | 2014 € | 2013 € |
|---|---|---|
| Remuneration | **15,082** | 14,723 |

## 6. Taxation

| | 2014 € | 2013 € |
|---|---|---|
| **Analysis of tax charge in the year** | | |
| Irish corporation tax charge on profit for the year | **2,999** | 1,737 |
| Adjustments in respect of prior periods | **-** | (214) |
| **Tax on profit on ordinary activities** | **2,999** | 1,523 |

# Notes to the financial statements
**For the year ended 31 December 2014**

## 6. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in Ireland of 12.5% (2013 - 12.5%). The differences are explained below:

| | 2014 € | 2013 € |
|---|---|---|
| Profit on ordinary activities before tax | **47,020** | 207,195 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2013 - 12.5%) | **5,878** | 25,899 |
| **Effects of:** | | |
| Expenses not deductible/Income not taxable | **(5,878)** | (24,810) |
| Adjustments to tax charge in respect of prior periods | **-** | (214) |
| Timing differences | **-** | (220) |
| Additional tax arising on profits chargeable at 25% | **2,999** | 868 |
| **Current tax charge for the year** (see note above) | **2,999** | 1,523 |

## 7. Tangible fixed assets

| | Freehold property € | Office equipment € | Total € |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2014 | **440,998** | **497,307** | **938,305** |
| Additions | **-** | **84,228** | **84,228** |
| At 31 December 2014 | **440,998** | **581,535** | **1,022,533** |
| **Depreciation** | | | |
| At 1 January 2014 | **121,341** | **444,498** | **565,839** |
| Charge for the year | **8,821** | **48,054** | **56,875** |
| At 31 December 2014 | **130,162** | **492,552** | **622,714** |
| **Net book value** | | | |
| At 31 December 2014 | **310,836** | **88,983** | **399,819** |
| At 31 December 2013 | 319,657 | 52,809 | 372,466 |

# Notes to the financial statements

**For the year ended 31 December 2014**

## 8. Stocks

| | 2014 | 2013 |
|---|---|---|
| | € | € |
| Finished goods and goods for resale | **15,887** | 13,014 |

## 9. Debtors

| | 2014 | 2013 |
|---|---|---|
| | € | € |
| Trade debtors | **2,064** | 1,950 |
| Amounts owed by related parties | **88,380** | 58,219 |
| VAT repayable | **2,331** | - |
| Corporation tax repayable | **1,919** | 556 |
| Prepayments and accrued income | **34,684** | 32,743 |
| | **129,378** | 93,468 |

## 10. Creditors: Amounts falling due within one year

| | 2014 | 2013 |
|---|---|---|
| | € | € |
| Trade creditors | **58,516** | 31,675 |
| Other taxes (see below) | **37,773** | 25,496 |
| Accruals and deferred income | **47,376** | 47,504 |
| | **143,665** | 104,675 |

**Other taxes**

| | 2014 | 2013 |
|---|---|---|
| | € | € |
| PAYE | **37,773** | 25,263 |
| VAT | **-** | 233 |
| | **37,773** | 25,496 |

## 11. Company limited by guarantee

The Register of Electrical Contractors of Ireland Limited is a company limited by guarantee without a share capital.

# Notes to the financial statements
**For the year ended 31 December 2014**

## 12. Reserves

| | Members Permitted € | CER Regulated € | Total € |
|---|---|---|---|
| At 1st January 2014 | **888,368** | **193,809** | **1,082,177** |
| Profit for the year after tax | **20,164** | **23,857** | **44,021** |
| At 31st December 2014 | **908,532** | **217,666** | **1,126,198** |

## 13. Net cash flow from operating activities

| | 2014 € | 2013 € |
|---|---|---|
| Operating profit | **37,313** | 198,477 |
| Depreciation of tangible fixed assets | **56,875** | 44,690 |
| (Increase)/decrease in stocks | **(2,873)** | 3,097 |
| Increase in debtors | **(4,386)** | (5,397) |
| Increase in amounts owed by group undertakings | **(30,161)** | (32,204) |
| Increase/(decrease) in creditors | **38,990** | (45,737) |
| **Net cash inflow from operating activities** | **95,758** | 162,926 |

## 14. Analysis of cash flows for headings netted in cash flow statement

| | 2014 € | 2013 € |
|---|---|---|
| **Returns on investments and servicing of finance** | | |
| Interest received | **9,707** | 8,718 |

| | 2014 € | 2013 € |
|---|---|---|
| **Taxation** | | |
| Corporation tax | **(4,362)** | (1,637) |

| | 2014 € | 2013 € |
|---|---|---|
| **Capital expenditure and financial investment** | | |
| Purchase of tangible fixed assets | **(84,228)** | (39,124) |

# Notes to the financial statements

**For the year ended 31 December 2014**

## 15. Analysis of changes in net funds

| | 1 January 2014 | Cash flow | Other non-cash changes | 31 December 2014 |
|---|---|---|---|---|
| | € | € | € | € |
| Cash at bank and in hand | 707,904 | 16,875 | - | 724,779 |
| **Net funds** | 707,904 | 16,875 | - | 724,779 |

## 16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held and managed seperately from those of the company.

Pension costs amounted to €24,420 (2013 - €26,217). There was an amount of €5,011 (2013: €4,912) outstanding at year end in relation to the defined pension scheme costs.

## 17. Related party transactions

The company was under the control of the directors during the current year.

The following related party transactions occurred during the year;

Electro Technical Council of Ireland (ETCI) is a related party due to common directors. During the year the company purchased goods amounting to €28,146 (2013: €59,957) from ETCI. At the year end the company owed ETCI €6,191 (2013: €4,126).

The Register of Gas Installers of Ireland Limited (RGII) is a related party due to common directors. During the year the company incurred costs on behalf of RGII in the amount of €249,472 (2013: €219,898). The balance owed to the company at year end amounted to €88,380 (2013: €58,219).

During the year the company charged RGII €14,500 (2013: €14,500) for facility usage.

## 18. Approval of financial statements

The board of directors approved these financial statements for issue on 14 April 2015.