

THE SOCIETY OF CONSTRUCTION LAW

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

THE SOCIETY OF CONSTRUCTION LAW
OFFICERS AND PROFESSIONAL ADVISERS

COUNCIL MEMBERS

Lord Justice Coulson (President)
Jonathan Cope (Chairman)
Jonathan Pawlowski (Vice Chairman)
Rebecca Shorter (Secretary)
Shy Jackson (Treasurer)
Lauren Adams
Paul Battrick
Ronan Champion
Arran Dowling-Hussey
Christopher Ennis
Karen Gough
Keith Kirkwood
Amy Lacey
Hamish Lal
Anthony Lavers
Claire Packman
Peter Phillippo
Christopher Sunderland
John Tackaberry
Jessica Tresham
Sarah Williams

ACCOUNTANTS

McKenzies Group
Chartered Accountants
2 Station Road West
Oxted
Surrey
RH8 9EP

AUDITORS

RSM UK AUDIT LLP
Chartered Accountants
STC House
7 Elmfield Road
Bromley
Kent
BR1 1LT

THE SOCIETY OF CONSTRUCTION LAW

REPORT OF THE MEMBERS OF THE COUNCIL

The Council have pleasure in submitting the report and accounts of the Society of Construction Law for the year ended 31 December 2019.

The Society of Construction Law was established to promote for the public benefit, education, study and research in the field of construction law and related subjects both in the UK and overseas. An elected council comprising of 21 members runs the society; there are 5 officers who are also members of the council. The Society is governed by its constitution which was last amended and adopted on 1 May 2019.

TREASURER'S REVIEW

In the last year the meetings income of the Society has increased compared to that of the prior year to £333,198 (2018: £260,903). The income from subscriptions has seen an increase of £7,997 (2018: £6,130) due to growth in membership numbers during the year.

Costs have been kept under control, with the result that the accounts continue to show a surplus of income over expenditure after taxation of £111,912 (2018: £65,144).

We owe much of our ongoing success to the support provided by Jill Ward, Frances Whitehead, Edward Peters our webmaster and Simon Hogg for IT support. Thanks also go to support from our President and past Chairmen, McKenzies our accountants, RSM our Auditors, our other consultants and to our regional representatives who provide so much support.

The Society remains in a sound and improving financial position in what are difficult financial times and has net assets of £747,640 (2018: £635,728). These accounts reflect the position to the end of 2019 and make no allowance for the impact of Covid-19 will have on the Society and the economy at large. The Society is considering the steps that need to be taken in such unprecedented circumstances and members will be aware that many events have had to be cancelled or postponed as a result. The Society is taking the necessary action to minimise any adverse effect on the Society's financial position. The Society is in a strong financial position and we are confident that the current situation will not have a material long term impact on our activities.

DONATIONS

Donations of £2,000 were made to Marie Curie (2018: £2,000 to Macmillan Cancer Support, £2,000 Marie Curie and £13 to the CIC Grenfell Project).

STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

The Council is required under the constitution of the Society to have financial statements prepared for each financial year which give a true and fair view of the state of affairs of the Society as at the end of the financial year, the surplus or deficiency for that period, and that in the preparation of these financial statements;

- it has followed United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law),
- appropriate accounting policies have been used and applied consistently,
- the going concern basis has been applied,
- reasonable and prudent accounting judgements and estimates have been made.

The Council is responsible for maintaining adequate accounting records, for safeguarding the assets of the Society and for preventing and detecting fraud and other irregularities.

By order of the Council

J Cope
Chairman
2020

NON-STATUTORY INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOCIETY OF CONSTRUCTION LAW

Opinion

We have audited the financial statements of The Society of Construction Law (the 'society') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards.

Basis for 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 non-statutory report. We are independent of the society 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the councils' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our non-statutory auditor's report thereon. The Council members are responsible for the other information. Our non-statutory opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of the council

As explained more fully in the statement of the councils' responsibilities set out on page 2, the council 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 council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

NON-STATUTORY INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOCIETY OF CONSTRUCTION LAW (continued)

In preparing the financial statements, the council are responsible for assessing the society'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 council either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 a non-statutory 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This non-statutory report is made solely to the society's members, for their confidential use, in accordance with our engagement letter dated 7 March 2019. Our non-statutory audit work has been undertaken so that we might state to the society's members those matters we are engaged to state to them in a non-statutory 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 society and the society's members as a body, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

RSM UK Audit LLP
Chartered Accountants
STC House
7 Elmfield Road
Bromley
Kent
BR1 1LT

Date:

THE SOCIETY OF CONSTRUCTION LAW

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Income			
Subscriptions		292,631	284,634
Sale of papers		2,680	2,263
Meetings	9	333,198	260,903
ESCL book contributions		505	1,405
Interest	2	2,259	1,330
Sundry income		175	1,239
		<u>631,638</u>	<u>551,774</u>
Expenditure			
Newsletter, membership directory and publication of papers		58,595	58,045
Grants and awards		11,846	12,195
Hudson and King's prizes		4,250	7,306
Lecture programme		23,179	20,710
Advocacy training		1,075	2,866
SCL Consultant expenses	3	125,663	114,494
Bank charges		1,662	770
IT and Website		15,988	12,777
Audit		9,850	10,000
Subscriptions		660	625
Professional fees – diversity and equality		-	4,000
Accountancy		8,030	8,160
Donations		2,000	4,013
Foreign exchange differences		3,178	2
Irrecoverable VAT		9,297	11,099
Meetings	9	244,024	219,315
		<u>519,297</u>	<u>486,377</u>
Excess of income over expenditure before taxation		112,341	65,397
Taxation	4	429	253
Excess of income over expenditure after taxation		<u>£111,912</u>	<u>£65,144</u>

THE SOCIETY OF CONSTRUCTION LAW

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Current assets					
Debtors	5	153,677		65,409	
Cash and cash equivalents	6	875,990		848,948	
		1,029,667		914,357	
Current liabilities					
Creditors: Amounts due in less than one year	7	(282,027)		(278,629)	
		(282,027)		(278,629)	
Net current assets		£747,640		£635,728	
Net assets		£747,640		£635,728	
Accumulated funds					
Income and expenditure account					
Surplus brought forward		635,728		570,584	
Surplus for the year		111,912		65,144	
Income and expenditure account		£747,640		£635,728	

The financial statements on pages 5 to 11 were approved and authorised for issue by the Council on 2020 and were signed on its behalf by:

.....
S Jackson
Treasurer

.....
J Cope
Chairman

THE SOCIETY OF CONSTRUCTION LAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. **Accounting policies**

General Information

The Society of Construction Law (“the Society”) is a society governed by its constitution.

Basis of Accounting

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) under the historical cost convention. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the Society. Monetary amounts in these financial statements are rounded to the nearest £.

Going Concern

The council confirm that, at the time of approving the financial statements, there is a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Covid-19 is having a significant impact on the economy at large and the society has reacted to the changes which has resulted in a significant level of cancellations of events post year end. The council is taking the necessary action to minimise any adverse effect on the Society’s financial position and for this reason, the going concern basis continues to be adopted in the preparation of the Society’s financial statements.

Income

Subscriptions

Membership fees are included in income on a receivable basis but excluding amounts considered doubtful of collection. The subscription period runs from 1 January to 31 December. Subscriptions received after 30 September are treated as deferred income for the following year.

Meetings

Meeting income is included on a cash received basis. Meeting income received in advance is deferred to the year that the event will take place.

Other Income

All other income is recognised when receivable. Income is shown net of Value Added Tax.

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 reliably measured. Irrecoverable VAT is charged directly to the Income and Expenditure account when the expenditure is recognised.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Any differences are taken to the income and expenditure account.

Financial Instruments

The Society 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. Financial instruments are recognised when the Society becomes party to the contractual provisions of the instrument. Financial assets and liabilities are only offset, when there is a legally enforceable right to set off the recognised amounts.

THE SOCIETY OF CONSTRUCTION LAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Assets

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

A provision for impairment of trade debtors is recognised when there is evidence that the amounts due will not be collected in accordance with the original terms. Impairment losses are recognised in the Income and expenditure account.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and short term investments.

Financial liabilities

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

Funds held on behalf of Overseas Societies

Cash received on behalf of overseas societies is recorded in the Balance Sheet as a credit balance until it is repaid.

2. Interest

The interest earned in the year comprises:

	2019	2018
	£	£
Interest on National Westminster Bank Accounts	1,422	577
Interest on National Savings Investment Account	837	753
	2,259	1,330
	2,259	1,330

3. SCL Consultant Expenses

There were no persons employed by the society in 2019 (2018: nil).

	2019	2018
	£	£
During the year consultant expenses were paid in respect of:		
S Hogg	7,220	6,629
F Patterson	442	1,720
E Peters	12,344	11,955
J Ward	60,338	51,189
F Whitehead	36,719	33,401
J Howard	8,600	9,600
	125,663	114,494
	125,663	114,494

THE SOCIETY OF CONSTRUCTION LAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Taxation	2019	2018
	£	£
The taxation charge for the year comprises:		
Current year tax due on National Westminster Bank and National Savings Investment Accounts interest at 19.00% (2018: 19.00%)	429	253
	<u>=====</u>	<u>=====</u>
5. Debtors	2019	2018
	£	£
Trade debtors	10,391	9,889
Other debtors	27,159	26,247
Prepayments and accrued income	116,127	29,273
	<u>-----</u>	<u>-----</u>
	153,677	65,409
	<u>=====</u>	<u>=====</u>
6. Cash and cash equivalents	2019	2018
	£	£
Cash at Bank	771,375	745,086
National Savings Investment account	104,615	103,862
	<u>-----</u>	<u>-----</u>
	875,990	848,948
	<u>=====</u>	<u>=====</u>
7. Creditors: Amounts falling due in less than one year	2019	2018
	£	£
Trade creditors	3,455	8,744
Deferred income	244,385	228,792
Accruals	27,074	24,613
Corporation tax	429	253
Other taxation	5,874	15,666
Other Creditors	810	561
	<u>-----</u>	<u>-----</u>
	282,027	278,629
	<u>=====</u>	<u>=====</u>

Included within other creditors in 2018 are monies held on behalf of international Societies of Construction Law.

THE SOCIETY OF CONSTRUCTION LAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Related party transactions

Owing to the nature of the Society's operations and the composition of the Council, transactions may take place with organisations in which a council member has an interest. All transactions involving such organisations are conducted on an arm's length basis and in accordance with the Societies constitution.

No council member was remunerated during 2019 (2018: Nil).

9. Meeting and Event Income and Expenditure

Year to 31 December 2019

	Income	Expenditure	Gross Profit/ (loss)
SCL Events – AGM	22,210	(26,202)	(2,342)
SCL Events – London Lunch	124,471	(97,405)	25,416
SCL Events – Scottish Lunch	9,795	(6,242)	3,553
SCL Events – Leeds Lunch	18,704	(6,751)	11,953
SCL Events – Dublin Lunch	26,751	(14,053)	12,698
SCL Events – Bristol Lunch	6,579	(6,593)	(14)
SCL Events – Manchester Lunch	14,422	(12,164)	2,258
International conference	55,396	(37,741)	17,655
Annual Conference – Leeds	27,018	(7,012)	20,006
SCL Junior Events	16,996	(13,857)	3,139
SCL Events – Southern Lunch	7,088	(6,683)	405
Other Events	3,768	(9,321)	(5,553)
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	333,198	(244,024)	89,174
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Year to 31 December 2018

	Income	Expenditure	Gross Profit/ (loss)
SCL Events – AGM	19,900	(22,819)	(2,919)
SCL Events – London Lunch	118,983	(109,062)	9,921
SCL Events – Scottish Lunch	9,331	(7,137)	2,194
SCL Events – Leeds Lunch	14,596	(5,552)	9,044
SCL Events – Dublin Lunch	19,344	(13,591)	5,753
SCL Events – Bristol Lunch	7,267	(6,697)	570
SCL Events – Manchester Lunch	14,787	(12,292)	2,495
Annual Conference – Leeds	29,242	(9,201)	20,041
SCL Junior Events	24,584	(24,560)	24
Other Events	2,869	(8,404)	(5,535)
	<hr/>	<hr/>	<hr/>
	260,903	(219,315)	41,588
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE SOCIETY OF CONSTRUCTION LAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Post balance sheet event

Following the year end, Covid-19 has had a significant impact on the economy at large and hence the society. The council are considered the steps that need to be taken in such unprecedented circumstances and to date, there have been a number of events cancelled or post postponed as a result. The council are taking the necessary action to minimise the adverse effect on the Society's position.