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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

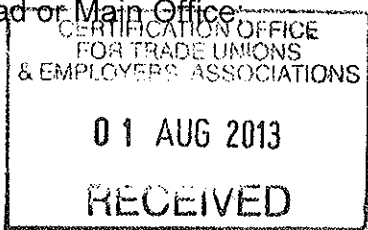
ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:



Website address (if available)

Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

e-mail:

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
1260	49	N/A	2	1311

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
President	S Sharp	B Bisset	11/7/13
President Elect	B Bisset	A Sneyd	11/7/13
Vice President	A Sneyd	J Marner	11/7/13
Immediate Past President	R Shelley	S Sharp	11/7/13

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
3,909,958	From Members	Subscriptions, levies, etc	3,807,958	
299,080	Investment income	Interest and dividends (gross)	268,439	
		Bank interest (gross)		
278,866		Other – income from related parties	187,461	
	Other income	Rents received		
472,392		Insurance commission	503,030	
749,609		Assessment	783,375	
3,990,695		Training Agency	3,639,051	
3,518,853		Welfare and other services	3,305,981	
				12,495,295
13,219,453		TOTAL INCOME		
	EXPENDITURE			
	Administrative expenses			
7,250,841		Remuneration and expenses of staff	7,107,400	
890,553		Occupancy costs	881,705	
564,169		Printing, Stationery, Post & Telephone	378,969	
1,674,725		Legal and professional fees	1,577,509	
158,890		Publicity	147,172	
1,162,668		College fees and grants payable	1,243,227	
878,782		Travel and motor expenses	767,826	
12,580,628				12,103,808
23,983	Other charges	Bank charges	16,626	
399,521		Depreciation	351,141	
144,036		Affiliation fee	166,226	
175,417		Insurance claims paid	120,058	
154,095		Conference & meeting fees	92,553	
312,930		Expenses	564,768	
(11,545)		(Profit)/Loss on disposal of fixed assets		
(315,000)		Finance cost (FRS17)	(141,000)	
1,129,550		Actuarial (gain)/loss (FRS17)	1,904,430	
				3,074,802
2,012,987	Taxation			52,140
72,489				
14,666,104		TOTAL EXPENDITURE		15,230,751
(1,446,651)		Surplus/Deficit for year		(2,735,456)
6,024,212		Amount of fund at beginning of year		4,577,561
4,577,561		Amount of fund at end of year		1,842,105

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
		Total Income	
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
		Total Income	
Expenditure	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
		Total Income	
Expenditure	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

BALANCE SHEET AS AT 28 February 2013

(see notes 19 and 20)

Previous Year		£	£
2,248,782	Fixed Assets (as at page 11)		1,992,389
	Investments (as per analysis on page 13)		
840,137	Quoted	1,394,874	
576,839	Unquoted	557,435	
1,416,976	Total Investments		1,952,309
	Other Assets		
5,171,355	Sundry debtors	4,713,207	
16,325,076	Cash at bank and in hand	5,777,987	
-	Stocks of goods		
163,185	Others – intangible assets	161,631	
21,659,616	Total of other		10,652,825
	assets		
25,325,374		TOTAL ASSETS	14,597,523
4,209,074	Revenue Fund (Account)		(10,598)
	Fund (Account)		
368,487	Statutory Reserve (Account)		1,852,703
	Revaluation Reserve		
	Liabilities		
	Loans		
520,124	Bank overdraft	195,240	
5,533	Tax payable		
14,789,005	Sundry creditors	7,476,618	
2,145,451	Accrued expenses		
	Provisions		
3,287,700	Other liabilities – pension liability	5,083,560	
20,747,813		TOTAL LIABILITIES	12,755,418
25,325,374		TOTAL ASSETS	14,597,523

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Furniture & Equipment	Motor Vehicles	Total
	£	£	£	£
COST OR VALUATION				
At start of period	1,591,884	3,053,107	107,587	4,752,578
Additions during period		86,805		86,805
Less: Disposals during period		(75,619)		(75,619)
Less: DEPRECIATION:	(140,485)	(2,533,837)	(97,053)	(2,771,375)
BOOK AMOUNT at end of period	1,451,399	530,456	97,053	2,771,375
Freehold				
Leasehold (50 or more years unexpired)	1,450,389			
Leasehold (less than 50 years unexpired)	1,010			
AS BALANCE SHEET	1,450,389	530,456	10,534	1,992,389

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities – investment funds	1,394,874
	TOTAL QUOTED (as Balance Sheet)	1,394,874
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	14,427
	Welfare Holdings (H&V) Ltd	543,008
	ESCA Estates Ltd – interest in associates	
	TOTAL UNQUOTED (as Balance Sheet)	557,435
	*Market Value of Unquoted Investments	NOT AVAILABLE

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO
If YES name the relevant companies:			
COMPANY NAME B&ESA Limited	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) 852809		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
B&ESA Limited	B Townsend M K Burton G P Manly		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO <input checked="" type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
B&ESA Limited	B Townsend M K Burton G P Manly		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	3,807,958		3,807,958
From Investments	455,900		455,900
Other Income (including increases by revaluation of assets)	8,231,437		8,231,437
Total Income	12,495,295		12,495,295
EXPENDITURE (including decreases by revaluation of assets)	15,230,751		15,230,751
Total Expenditure	15,230,751		15,230,751
Funds at beginning of year (including reserves)	4,577,561		4,577,561
Funds at end of year (including reserves)	1,842,105		1,842,105
ASSETS			
			1,992,389
Fixed Assets			1,952,309
Investment Assets			10,652,825
Other Assets			
		Total Assets	14,597,523
LIABILITIES		Total Liabilities	(12,755,418)
NET ASSETS (Total Assets less Total Liabilities)			1,842,105

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

Refer to the financial statements attached.

ACCOUNTING POLICIES

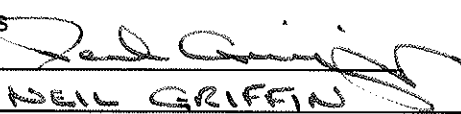
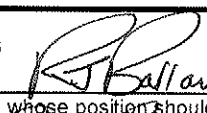
(see notes 37 and 38)

Refer to the financial statements attached.

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>NEIL GRIFFIN</u> Date: <u>29/7/13</u>	Chairman's Signature: <u></u> FINANCE (or other official whose position should be stated) DIRECTOR Name: <u>R J BARRACLOUGH</u> Date: <u>29/7/13</u>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES		NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES		NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES		NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES		NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES		NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES		NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES/NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

YES/NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)


YES/NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)

AUDITOR'S REPORT (continued)

Refer to the financial statements attached.

Signature(s) of auditor or auditors:		
Name(s):	BDO LLP	
Profession(s) or Calling(s):	Chartered Accountants & Registered Auditors	
Address(es):	3 Hardman Street Manchester M3 3AT	
Date:	31 July 2013	
Contact name and telephone number:	Julien Rye	0161 817 7500

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

**BUILDING & ENGINEERING
SERVICES ASSOCIATION**

Annual Report and Financial Statements

Year Ended

28 February 2013

BUILDING & ENGINEERING SERVICES ASSOCIATION

Annual report and financial statements
for the year ended 28 February 2013

Page

1	Members and statutory information
2-4	Report of the Finance Committee
5	Report of the independent auditors
6	Consolidated profit and loss account
7	Consolidated statement of total recognised gains and losses
8	Consolidated balance sheet
9	Association balance sheet
10	Consolidated cash flow statement
11-28	Notes forming part of the financial statements

BUILDING & ENGINEERING SERVICES ASSOCIATION

Annual report and financial statements
for the year ended 28 February 2013

Members of the Council who have served during the year

S. Sharp – Overclean Ltd (President)
B. Bisset – Galloway Group Ltd
A. Sneyd – Crown House Technologies
R. Shelley – Lowe & Oliver Ltd
G. Adams – Spie Matthew Hall
D. Aitken – Vaughan Engineering Group Ltd
D. Bailey – Brothwell Irvine Ltd
M. Bailey – NG Bailey Ltd
W. Belshaw – End Systems Ltd
A. Blunsdon – Priddy Engineering Services Ltd
M. Burton – Delron Services Ltd
A. Byrne – Shepherd Engineering Services
J. Canning – NBC (Air Conditioning) Ltd
A. Carr – Castle Property & Building Services Ltd
S. Carter – NG Bailey Facilities Services
A. Cuddy – A C Services Ltd
D. Ellis – Hilton Building Services Ltd
G. Fox – Specialist Mechanical Services
N. Freeman – Carter Synergy Ltd
S. Gleed – Cellite Airconditioning Ltd
A. Gregory – Indepth Hygiene Services Ltd
P. Hancock – Crown House Technologies Ltd
G. Harrowell – Ductwork Design & Installation Ltd
C. Heath – Genesis Facilities Maintenance Ltd
J. Hurst – Superior Plumbing Installations Ltd
N. James – Arnold James (St Albans) Ltd
B. Lane – Roperhurst Ltd
M. McCloskey – Argent FM Ltd
I. McGregor – Delron Services Ltd
G. Manly – Gratte Brothers Ltd
J. Miller – J.H. Shouksmith & Sons Ltd
T. Mottram – Pipe Systems Ltd
J. Norfolk – LX Engineering Ltd
G. Robinson – Geoffrey Robinson Ltd
P. Rogers – Ductwork Projects Ltd
M. Taylor – Lorne Stewart Plc
B. Townsend – End Systems Ltd
G. Vaughan – E. Poppleton & Son Ltd
B. Wilgar – A.C. Wilgar Ltd
A. Williams – Cool Solution Refrigeration Ltd

Members of the Finance Committee who have served during the year

W. Belshaw (Chairman)
B. Bisset
M. Burton
P. Fox
M. McCloskey
J. Miller
G. Robinson
S. Sharp
R. Shelley
A. Sneyd
M Taylor
B. Townsend
G. Vaughan
B. Judd (Chief Executive)
R. Pettigrew (Deputy Chief Executive)
N. Griffin (Head of Operations)

Secretary to the Committee

R. Barraclough (Finance Director)

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT

BUILDING & ENGINEERING SERVICES ASSOCIATION

Report of the Finance Committee for the year ended 28 February 2013

The members of the Finance Committee present their annual report and the audited financial statements for the year ended 28 February 2013.

Principal activities

The principal activities of the Association are as a trade and employers' association, representing businesses connected with all aspects of design, installation, commissioning, maintenance, control and management of services and engineering systems in buildings and other facilities in the United Kingdom. The activities of the subsidiary and related undertakings include the provision of welfare and other related services, insurance, skills registration, training, the assessment of gas operatives and the operation of competent persons schemes.

Review of the business of the Group

The consolidated profit and loss account set out on page 6 shows that there has been a reduction in turnover in the year of approximately £602,000 as compared with the previous year. Apart from insurance and assessment, which have reflected small increases, the reduction is reasonably spread across the other elements of the Group's business. The consequent reduction in gross surplus has been partially offset by a reduction of approximately £163,000 in overhead and other expenditure not directly related to trading, which is classified under the heading of Administrative Expenses. Taken together, these factors have resulted in an Operating Deficit of £1,245,786 as compared with a deficit of £977,558 for the previous year.

Below the Operating Deficit, due principally to the reduction in the level of cash held in the holiday pay scheme companies following the withdrawal of the National Insurance concession, investment income has fallen in comparison with the previous year. Including the movement of £11,000 (2012 £155,000) in the finance element of the provision under the FRS 17 accounting standard in relation to the pension scheme, the total of investment and other income is £466,900 (2012 £732,946). The total net deficit for the year before taxation is £778,886 against a deficit of £244,612 for the previous year.

Taxation for the year amounts to £52,140 (the factors which have contributed to a charge rather than a repayment for the year, given that a deficit has been incurred, are set out in Note 7 to the accounts), resulting in a deficit for the year after taxation of £831,026 which, when added to the net actuarial loss of £1,904,430, after notional tax adjustments, shown separately in the Consolidated Statement of Total Recognised Gains and Losses in respect of the pension scheme, gives a final deficit for the year to be taken from reserves of £2,735,456.

The Finance Committee is obviously concerned about the increased level of deficit before tax for the year and, although the factors involved are outside its control, is particularly disappointed that the perennially unpredictable results for the FRS 17 valuation required in respect of the pension scheme have not only once again had a negative effect on net reserves but to such a significant degree. The increased FRS 17 deficit has resulted from lower than expected investment returns and changes in market conditions leading to a higher value being placed on the liabilities. As a result, and to more accurately reflect the nature of the long-term funding of the Group, the Committee has taken the decision to change the format of the Consolidated Balance Sheet (see Page 8).

With regard to the coming year ending 28 February 2014, the Committee remains cautious about the continuing impact of the current financial climate on the income of the Association itself and on the overall contribution from the subsidiary and related companies and believes that it must be appropriate to predict that the level of deficit will be similar to 2012/13. The Committee is not however simply prepared to accept this as a continuing state of affairs and is currently engaged in a process of review of all aspects of the Group's operations with the object of ensuring significant improvement in the results and a return to surplus in future years.

Principal risks and uncertainties

The principal business risks divide between the Association and its subsidiaries. For the Association itself, there are two key risks, the first of which is that, as in any member organisation, it will suffer a loss of subscription income. As in previous years, this risk has expanded beyond the loss of member support to include the potential impact of the recession on the businesses of members. The second risk is that its subsidiary companies will continue to provide insufficient net income in total to ensure coverage for the net expenditure, after member subscriptions, incurred by the Association in its operations on behalf of its members.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Report of the Finance Committee for the year ended 28 February 2013 (Continued)

Principal risks and uncertainties (continued)

Each of the subsidiary companies has its own business risks, whether arising from competition from other service providers, either within the building services industry or externally, or from the fact that the relevance, competitiveness or quality of its products, as seen by its customers, could reduce. In addition to the fact that all the subsidiaries operate in commercial areas in which there are no guarantees of success, other factors could also have a significant impact on their respective businesses. These include the general economic climate, the lack of enforcement of statutory regulations in areas in which certain subsidiaries provide certification services, and variations in the levels of Government funding for training. All of these factors are kept under regular review by each Board of Directors and the Finance Committee to ensure that, where possible, any negative effects are neutralised and, in addition, that all positive and realistic commercial opportunities are exploited.

Financial statements

The financial statements are presented in consolidated format incorporating the financial statements of the Association, its subsidiary companies and, using the equity method, its associated companies. Although the Association is unincorporated, and therefore not governed by the Companies Act, the Finance Committee has decided that the financial statements will be produced not only in accordance with United Kingdom Accounting Standards but also with the accounting provisions of the Companies Act 2006.

Finance Committee members and their interests

The following change took place during the year:

A. Sneyd (Appointed 19 July 2012)

None of the Committee members had any beneficial interest in the shares of any Group companies.

Corporate governance statement

The Association is not required to comply with the provisions of the Combined Code as it is not a public listed company. However, the Finance Committee is committed to high standards of corporate governance and to compliance with those provisions of the Code considered appropriate to the nature and size of the Association.

Statement of Council responsibilities

The Council is responsible for preparing the annual report and the financial statements in accordance with the Constitution of the Association.

The Constitution requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements, the Council is required in accordance with United Kingdom Generally Accepted Accounting Practice to:

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

BUILDING & ENGINEERING SERVICES ASSOCIATION

Report of the Finance Committee for the year ended 28 February 2013 (Continued)

Statement of Council responsibilities (continued)

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and Group. It is also responsible for safeguarding the assets of the Association and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Acting under delegation from the Council, all of the current members of the Finance Committee have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members of the Finance Committee are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Finance Committee
on behalf of the Council



W. Belshaw
Chairman

Date: 12 June 2013

BUILDING & ENGINEERING SERVICES ASSOCIATION

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BUILDING & ENGINEERING SERVICES ASSOCIATION

We have audited the financial statements of the Building & Engineering Services Association for the year ended 28 February 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the Association's balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the requirements of the Constitution of the Association and the terms of our engagement letter dated 15 April 2013. Our audit work has been undertaken so that we might state to the Association's members 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 Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditors

As explained more fully in the statement of Council member's responsibilities, Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

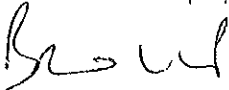
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent Association's affairs as at 28 February 2013 and of the group's deficit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

Opinion on other matter

In our opinion the information given in the report of the Finance Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.



BDO LLP
Chartered accountants
Manchester

Date: 14 June 2013

BUILDING & ENGINEERING SERVICES ASSOCIATION

Consolidated profit and loss account for the year ended 28 February 2013

	Note	2013 £	2012 £
Turnover	2	12,039,395	12,641,507
Cost of sales		(8,258,635)	(8,430,053)
Gross surplus		<u>3,780,760</u>	<u>4,211,454</u>
Administrative expenses		(5,026,546)	(5,189,012)
Operating deficit		<u>(1,245,786)</u>	<u>(977,558)</u>
Income from interests in associated undertakings	5	187,461	278,866
Other interest receivable and similar income	6	268,439	299,080
Net finance income – FRS 17	24	11,000	155,000
(Deficit) on ordinary activities before taxation	4	<u>(778,886)</u>	<u>(244,612)</u>
Tax on (deficit) on ordinary activities	7	(52,140)	(72,489)
Deficit for the financial year	17	<u><u>(831,026)</u></u>	<u><u>(317,101)</u></u>

All amounts relate to continuing activities.

The notes on pages 11 to 28 form part of these financial statements.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Consolidated statement of total recognised gains and losses for the year ended 28 February 2013

	2013 £	2012 £
Deficit for the financial year	(831,026)	(317,101)
Items arising in respect of the application of FRS 17 regarding the defined benefit pension scheme (see note 24):		
Actuarial loss	(2,359,000)	(1,420,000)
Deferred taxation on actuarial loss	542,570	369,200
Tax rate adjustment on brought forward balance	(88,000)	(78,750)
Total recognised losses recorded in the financial year	<u>(2,735,456)</u>	<u>(1,446,651)</u>

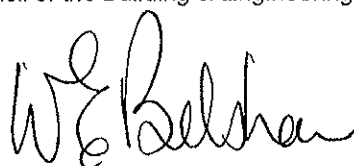
The notes on pages 11 to 28 form part of these financial statements.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Consolidated balance sheet at 28 February 2013

	Note	2013	2013	2012	2012
		£	£	£	£
Fixed assets					
Intangible assets	9		161,631		163,185
Tangible assets	10		1,992,389		2,248,782
Investments	11		557,435		576,839
			2,711,455		2,988,806
Current assets					
Debtors	12	4,744,057		5,171,355	
Investments	13	1,394,874		840,137	
Cash at bank and in hand	14	5,777,987		16,325,076	
		11,916,918		22,336,568	
Creditors: amounts falling due within one year	15	7,702,708		17,460,113	
Net current assets			4,214,210		4,876,455
Total assets less current liabilities			6,925,665		7,865,261
Represented by:					
Net pension liability under FRS17	24		5,083,560		3,287,700
Accumulated funds	17		1,842,105		4,577,561
			6,925,665		7,865,261

These financial statements were approved and authorised for issue by the Finance Committee on behalf of the Council of the Building & Engineering Services Association on 29 May 2013



W. Belshaw
Chairman of the
Finance Committee



S. Sharp
President


The notes on pages 11 to 28 form part of these financial statements.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Association balance sheet at 28 February 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	10		83,447		112,518
Investments	11		130,000		130,000
			213,447		242,518
Current assets					
Debtors	12	2,296,798		2,849,042	
Cash at bank and in hand	14	124,863		330,300	
		2,421,661		3,179,342	
Creditors: amounts falling due within one year	15	1,770,903		2,173,210	
Net current assets			650,758		1,006,132
Total assets less current liabilities			864,205		1,248,650
Represented by:					
Accumulated funds	17		864,205		1,248,650

These financial statements were approved and authorised for issue by the Finance Committee on behalf of the Council of the Building & Engineering Services Association on 29 May 2013.



W. Belshaw
Chairman of the
Finance Committee



S. Sharp
President

The notes on pages 11 to 28 form part of these financial statements.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Consolidated cash flow statement for the year ended 28 February 2013

	Note	2013 As reclassified £	2012 As reclassified £
Net cash (outflow) from operating activities	18	(1,167,315)	(651,111)
Dividend income from associated undertakings		168,872	240,093
Returns on investments and servicing of finance	21	261,405	299,080
Corporation tax (paid)/received	21	(5,533)	8,436
Investing activities	21	(104,442)	(250,329)
Cash (outflow) before use of liquid resources and financing		<u>(847,013)</u>	<u>(353,831)</u>
Management of liquid resources	21	(9,375,191)	(1,680,109)
(Decrease) in cash	19, 20	<u><u>(10,222,204)</u></u>	<u><u>(2,033,940)</u></u>

Certain cashflows from the prior year have been reclassified as management of liquid resources as the Finance Committee believes this better reflects the nature of these balances.

The notes on pages 11 to 28 form part of these financial statements.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements for the year ended 28 February 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain current asset investments, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements fully consolidate the financial statements of the Association and its subsidiary undertakings for the year ended 28 February 2013 using the acquisition method of accounting. The results of subsidiaries are included from the date of acquisition.

Turnover

Turnover in relation to subscriptions, welfare and other services, assessment, registration and other income represents sales recorded for the period to which they relate less value added tax where applicable. Subscription income is recognised in relation to the subscription year it relates to on an accruals basis.

Insurance income represents net premiums written, which in turn represent the proportion of premiums written which relate to periods of insurance up to the balance sheet date net of reinsurance premiums payable. The method of calculation adopted is to the nearest day.

Income resulting from learner achievements for a subsidiary company is recognised in respect of all learners for whom notification of achievement has actually been received by the company in the financial year up to the balance sheet date. This ensures that all conditions for the company's entitlement to income in that financial year have been met.

Monthly 'on programme' funding is recognised as income in the period in which it is receivable, on an accruals basis.

Cost of sales includes grants and college fee support payable. Grants based upon both progress and achievements are provided for in full based upon the criteria described above.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Investments held as current assets by a subsidiary undertaking, Piper Insurance Company Limited, are stated at market value in accordance with the relevant statutory provisions relating to insurance companies in the Isle of Man.

Also in accordance with these requirements, realised gains and losses on disposal and unrealised gains and losses on revaluation of current asset investments are recognised in the profit and loss account.

In the consolidated financial statements, shares in associated companies are accounted for using the equity method. Where a long term debtor due from an associated company more closely resembles the attributes of an investment it has been included within the cost of investment and hence within fixed assets. The consolidated profit and loss account includes the Group's share of the pre-tax profits and attributable taxation of the associated companies based on audited financial statements. In the consolidated balance sheet, the investment in associated companies is shown as the Group's share of the net assets, excluding reserves attributable to the revaluation of fixed assets of the associated companies.

Goodwill

Goodwill arising on an acquisition of a trade or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over its estimate of useful economic life which ranges from five to ten years. Impairment tests on the carrying value of goodwill are undertaken:

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

1 Accounting policies (continued)

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Development costs

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding ten years commencing in the year the Group starts to benefit from the expenditure.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values of fixed assets over their expected useful lives. It is calculated at the following rates:

Intangible fixed assets	Five to ten years
Freehold buildings	2% per annum
Leasehold building improvements	over the term of the lease
Motor vehicles	25% per annum
Computer equipment	25% per annum
Equipment, furniture and fittings	15% per annum

Deferred taxation

Deferred tax balances, which are not discounted, are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

The defined benefit pension scheme is a group multi-employer scheme with members who are employees of the Association and certain subsidiaries, Welplan Limited, Building Engineering Services Training Limited and Piper Assessment Limited. The actuary has determined that for FRS 17 purposes, a realistic split of the assets and liabilities for allocation to member entities cannot be reliably achieved. In the individual entities therefore, pension costs are charged to the profit and loss account in the period in which they become payable (as for a defined contribution scheme).

The assets of the scheme are held separately from those of the Group. In relation to the Group financial statements, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations for FRS17 purposes are obtained at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after total assets less current liabilities on the face of the balance sheet. Further details in respect of these pension arrangements are shown in note 24.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

1 Accounting policies (continued)

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

2 Turnover

Turnover for the Group during the year was as follows:

	2013	2012
	£	£
Subscriptions	3,807,228	3,909,958
Welfare and other services	2,154,250	2,018,346
Training	3,639,051	3,990,695
Insurance	503,030	472,392
Assessment	783,375	749,609
Registration	425,797	445,672
Other income	726,664	1,054,835
	<u>12,039,395</u>	<u>12,641,507</u>

Turnover originates in the United Kingdom and the Isle of Man.

3 Employee numbers

The average monthly number of employees of the organisation during the year was as follows:

	2013	2012
	Number	Number
The Association	45	43
Building Engineering Services Training Limited	46	56
Welplan Limited	60	63
Piper Assessment Limited	13	15
	<u>164</u>	<u>177</u>

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

4 Surplus on ordinary activities before taxation	2013	2012
This is arrived at after charging/(crediting):	£	£
Rentals under operating leases:		
Hire of equipment	159,488	207,694
Other operating leases	110,232	175,060
Depreciation	342,355	381,380
(Profit)/loss on disposal of fixed assets	-	(11,545)
Auditors' remuneration - audit services	51,300	54,400
- non audit services	76,620	23,245
Fees paid to other auditors for subsidiary undertakings	3,900	4,500
	187,461	278,866
5 Income from interests in associated undertakings	2013	2012
	£	£
Share of profits before taxation of Welfare Holdings (H&V) Limited	127,638	191,841
Share of profits before taxation of other associated undertakings	59,823	87,025
	187,461	278,866
6 Other interest receivable and similar income	2013	2012
	£	£
Bank interest	237,867	271,132
Income from investment funds	30,572	27,948
	268,439	299,080
7 Tax on deficit on ordinary activities	2013	2012
	£	£
<i>UK current corporation tax</i>		
Corporation tax charge	-	5,533
Associated undertakings – share of tax charge	14,177	15,270
Adjustments to prior years' tax provision	5,533	(27,064)
Total current corporation tax	19,710	(6,261)
<i>Deferred tax</i>		
Adjustment for taxation on pension liability tax rate	32,430	78,750
Taxation charge on surplus on ordinary activities	52,140	72,489

The explanation for a taxation charge arising in the year, despite the level of Deficit on ordinary activities before taxation, is set out below:

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 *(Continued)*

7 Tax on deficit on ordinary activities *(continued)*

	2013 £	2012 £
(Deficit)/surplus on ordinary activities before tax	(778,886)	(244,612)
(Deficit)/surplus on ordinary activities at the standard rate of corporation tax in the UK of 24.17% (2012 – 26%)	(188,257)	(63,599)
Effect of:		
Expenses not deductible for tax purposes	11,810	12,661
Excess of depreciation over capital allowances	28,609	20,660
Adjustment to tax charge in respect of previous periods	5,533	(27,064)
UK tax at rates less than standard rate	(1,932)	(12,138)
Taxation differentials on overseas profits	-	-
Tax losses for the year not utilised	196,377	141,969
Deferred tax in relation to pension liability tax rate	(32,430)	(78,750)
Current tax charge for year	<u>19,710</u>	<u>(6,261)</u>

8 Result of the Association

In accordance with normal accounting practice, the profit and loss account of the Association is not presented as part of these financial statements. Taking into account dividends received from subsidiary and associated undertakings of £1,060,000 (2012 - £660,000) the Association's deficit for the financial year amounted to £384,445 (2012 – £408,453).

9 Intangible fixed assets

The Group	Goodwill £	Development costs £	Total £
<i>Cost</i>			
At 1 March 2012	50,000	131,371	181,371
Additions	-	18,480	18,480
At 28 February 2013	<u>50,000</u>	<u>149,851</u>	<u>199,851</u>
<i>Accumulated depreciation</i>			
At 1 March 2012	5,000	13,186	18,186
Charge for the year	5,000	15,034	20,034
At 28 February 2013	<u>10,000</u>	<u>28,220</u>	<u>38,220</u>
<i>Net book value</i>			
At 28 February 2013	<u>40,000</u>	<u>121,631</u>	<u>161,631</u>
At 29 February 2012	<u>45,000</u>	<u>118,185</u>	<u>163,185</u>

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

10 Tangible fixed assets

The Group	Freehold buildings £	Motor vehicles £	Equipment furniture & fittings £	Total £
<i>Cost</i>				
At 1 March 2012	1,591,884	107,587	3,053,107	4,752,578
Additions	-	-	86,805	86,805
Disposals	-	-	(75,619)	(75,619)
At 28 February 2013	<u>1,591,884</u>	<u>107,587</u>	<u>3,064,293</u>	<u>4,763,764</u>
<i>Accumulated depreciation</i>				
At 1 March 2012	119,682	81,879	2,302,235	2,503,796
Charge for the year	20,803	15,174	306,378	342,355
Disposals	-	-	(74,776)	(74,776)
At 28 February 2013	<u>140,485</u>	<u>97,053</u>	<u>2,533,837</u>	<u>2,771,375</u>
<i>Net book value</i>				
At 28 February 2013	<u>1,451,399</u>	<u>10,534</u>	<u>530,456</u>	<u>1,992,389</u>
At 29 February 2012	<u>1,472,202</u>	<u>25,708</u>	<u>750,872</u>	<u>2,248,782</u>
The Association				
<i>Cost</i>				
At 1 March 2012		67,177	807,933	875,110
Additions		-	24,448	24,448
At 28 February 2013		<u>67,177</u>	<u>832,381</u>	<u>899,558</u>
<i>Accumulated depreciation</i>				
At 1 March 2012		52,170	710,422	762,592
Charge for the year		8,037	45,482	53,519
At 28 February 2013		<u>60,207</u>	<u>755,904</u>	<u>816,111</u>
<i>Net book value</i>				
At 28 February 2013		<u>6,971</u>	<u>76,476</u>	<u>83,447</u>
At 29 February 2012		<u>15,007</u>	<u>97,511</u>	<u>112,518</u>

The cost of equipment, furniture and fittings includes for the Group £1,917,711 (2012 - £1,764,795) and for the Association £727,586 (2012 - £628,497) in respect of assets which are fully written down and still in use.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

11 Fixed asset investments

	2013 Group £	2013 Association £	2012 Group £	2012 Association £
Shares in subsidiary undertakings	-	100,000	-	100,000
Interests in associated undertakings	557,435	30,000	576,839	30,000
	<u>557,435</u>	<u>130,000</u>	<u>576,839</u>	<u>130,000</u>

All the above investments are unlisted.

Additional information in respect of subsidiary companies is set out in note 25 to these financial statements.

Group interests in associated undertakings:	£	£
Cost		30,036
Group's share of undistributed post acquisition profits:		
Balance at 1 March 2012	546,803	
Movement for the year	<u>(19,404)</u>	
		527,399
Balance at 28 February 2013		<u>557,435</u>

Additional information on associated undertakings:

	Shares held %	Voting rights %	Accounting reference date	Activity
Credit Card Holidays Limited (limited by guarantee) and subsidiary undertaking	-	50	28 Feb 2013	see (a) below
ESCA Estates Limited	43	43	30 Nov 2012	see (b) below

All associated undertakings are incorporated in England.

(a) Credit Card Holidays Limited and subsidiary undertaking

Credit Card Holidays Limited does not trade for profit. It operates a holiday scheme in accordance with the Industry's National Agreement. The company is limited by guarantee and the Association has the right to appoint 50% of the board members, therefore effectively controls a 50% share of the company.

Credit Card Holidays Limited hold 100% of the equity voting rights ('A' Shares) in Welfare Holdings (H&V) Limited. The equity non-voting rights ('B' Shares) in Welfare Holdings (H&V) Limited are wholly owned by Welplan Limited, itself a wholly owned subsidiary of the Group.

The income of Welfare Holdings (H&V) Limited derives from the investment of the funds generated by the holiday scheme operated by Credit Card Holidays Limited. Historically the distribution pattern of Welfare Holdings (H&V) Limited profit after taxation is to pay available surplus by dividend to Welplan Limited, for this reason the company is considered to be an associated undertaking with 100% of its result being incorporated into the consolidated financial statements of the Group headed by B&ES. Welfare Holdings (H&V) Limited is not considered to be a subsidiary undertaking as, although Welplan Limited exerts significant influence over its operations, it does not have overall control and its entitlement to dividend payments is discretionary.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (*Continued*)

11 Fixed asset investments (*continued*)

(b) ESCA Estates Limited

The principal activity of this company is to own and manage the building in which the Association's London headquarters is located. In accordance with the Group accounting policy no account has been taken in these financial statements of the professional revaluation of the property during 1992.

The amount of revaluation reserve attributable to the Association is £201,009 (2012 - £206,554).

12 Debtors

	2013 Group £	2013 Association £	2012 Group £	2012 Association £
Trade debtors	3,328,858	94,250	3,084,360	368,012
Amounts owed by subsidiary undertakings	-	1,984,008	-	2,079,304
Amounts owed by associated undertakings	118,034	40,751	163,682	112,693
Amounts owed by related undertakings	297,256	1,035	191,354	6,563
Other debtors	97,560	10,055	198,960	51,346
Prepayments and accrued income	902,349	166,699	1,532,999	231,124
	<u>4,744,057</u>	<u>2,296,798</u>	<u>5,171,355</u>	<u>2,849,042</u>

All amounts are due within one year.

13 Current asset investments

The Group	2013 £	2012 £
Investment funds at market value	1,394,874	840,137
	<u>1,394,874</u>	<u>840,137</u>

14 Cash at bank and in hand

	2013 Group £	2013 Association £	2012 Group £	2012 Association £
Unrestricted cash funds	5,717,641	124,863	6,844,221	6,300
Holiday pay scheme funds	60,346	-	9,156,855	-
Funds held in escrow	-	-	324,000	324,000
	<u>5,777,987</u>	<u>124,863</u>	<u>16,325,076</u>	<u>330,300</u>

The balance of holiday pay scheme funds shown above is matched by liabilities as reflected in Note 15.

The funds held in escrow relate to the final salary pension scheme described in note 24 and were released in April 2012.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

15 Creditors

Amounts falling due within one year

	2013 Group £	2013 Association £	2012 Group £	2012 Association £
Bank overdraft	195,240	144,251	520,124	95,955
Trade creditors	3,816,850	384,027	4,514,104	515,793
Holiday pay scheme liability	60,346	-	9,156,855	-
Amounts owed to subsidiary undertakings	-	624,871	-	728,570
Amounts owed to associated undertakings	276,055	-	257,230	-
Amounts owed to related undertaking	410,088	-	151,957	-
Taxation and social security	216,774	71,675	240,629	83,490
Other creditors	886,430	-	468,230	195,205
Accruals and deferred income	1,835,392	546,079	2,145,451	554,197
Corporation tax payable	5,533	-	5,533	-
	<u>7,702,708</u>	<u>1,770,903</u>	<u>17,460,113</u>	<u>2,173,210</u>

The bank overdraft above consists of cheques drawn and not yet cleared by the balance sheet date. The holiday pay scheme liability is matched by segregated cash holdings included within the heading of "Cash at bank and in hand" as reflected in Note 14.

16 Provision for liabilities and charges

The deferred taxation liabilities/(assets) provided and not provided in the financial statements are as follows:

	Provided 2013 £	Provided 2012 £	Not provided 2013 £	Not provided 2012 £
Timing differences on capital allowances	-	-	118,367	75,975
Tax losses not utilised	-	-	(860,465)	(708,914)
	<u>-</u>	<u>-</u>	<u>(742,098)</u>	<u>(632,939)</u>

The deferred tax asset recognised in relation to the pension scheme liability under FRS17 is shown in note 24.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

17 Reconciliation of movements in accumulated funds

	General fund £	Statutory reserve £	Total £
The Group			
Balance at 1 March 2012	4,209,074	368,487	4,577,561
Deficit for the year	(831,026)	-	(831,026)
Items taken directly to reserves in respect of the application of FRS 17 regarding the defined benefit pension scheme (see Note 24):			
Actuarial loss	(2,359,000)	-	(2,359,000)
Deferred taxation on actuarial loss	542,570	-	542,570
Tax rate adjustment on brought forward balance	(88,000)	-	(88,000)
Balance at 28 February 2013	<u>1,473,618</u>	<u>368,487</u>	<u>1,842,105</u>
The Association			
Balance at 1 March 2012	1,248,650	-	1,248,650
Deficit for the year	(384,445)	-	(384,445)
Balance at 28 February 2013	<u>864,205</u>	<u>-</u>	<u>864,205</u>

The Statutory reserve for the Group relates to specific reserves held by Piper Insurance Company Limited under Regulation 12 of the Isle of Man Insurance Regulations 1986.

18 Reconciliation of operating deficit to net cash inflow from operating activities

	2013 £	2012 As reclassified £
Operating deficit	(1,245,786)	(977,558)
Depreciation	342,355	381,380
Amortisation	20,034	18,186
Increase / (decrease) in debtors	433,393	(249,126)
(Increase)/decrease in creditors	(590,742)	333,801
Movement in market values of investment funds	-	13,751
Difference between pension charge and cash contributions	(130,000)	(160,000)
(Profit)/loss on disposal of fixed assets	-	(11,545)
Net cash (outflow) from operating activities	<u>(1,170,746)</u>	<u>(651,111)</u>

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

19 Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Change in net funds resulting from cash flows:		
(Decrease)/increase in cash in the year	(10,222,205)	(2,033,940)
Cash flow from movement in current asset investments	554,737	(600,346)
Movement in net funds resulting from cash flows	<u>(9,667,467)</u>	<u>(2,634,286)</u>
Movement in market values of investment funds	-	(13,751)
Opening net funds	16,645,089	19,293,126
Closing net funds	<u><u>6,977,622</u></u>	<u><u>16,645,089</u></u>

20 Analysis of net funds

	At 1 March 2012 £	Cash flow £	Other non- cash changes £	At 28 February 2013 £
Cash at bank and in hand	16,325,076	(10,547,089)	-	5,777,987
Overdraft	(520,124)	324,884	-	(195,240)
	<u>15,804,952</u>	<u>(10,222,205)</u>	<u>-</u>	<u>5,582,747</u>
Current asset investments	840,137	554,737	-	1,394,874
	<u><u>16,645,089</u></u>	<u><u>9,667,468</u></u>	<u><u>-</u></u>	<u><u>6,977,621</u></u>

21 Notes to cash flow statement

	2013 £	2012 As reclassified £
Returns on investment and servicing of finance		
Interest and investment income received	261,405	299,080
Taxation		
UK corporation tax paid	5,533	8,436
Investing activities		
Purchase of tangible fixed assets (net of disposals)	(86,805)	(186,488)
Purchase of intangible fixed assets	(18,480)	(78,873)
Sale of tangible fixed assets	843	15,032
	<u>(104,442)</u>	<u>(250,329)</u>
Management of liquid resources		
(Purchase)/sale of current asset investments	(554,737)	600,346
Repayment of holiday scheme cash balances	(8,820,454)	(2,280,455)

Certain cashflows from the prior year have been reclassified as management of liquid resources as the Finance Committee believes this better reflects the nature of these balances.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

22 Capital commitments

At 28 February 2013 capital commitments contracted for but not provided in the Group were £nil (2012 - £nil) and in the Association £nil (2012 - £nil).

23 Operating lease commitments

The Group has annual operating lease commitments under non-cancellable operating leases as set out below:

	2013 Land and Buildings £	2013 Other £	2012 Land and Buildings £	2012 Other £
Leases which expire:				
Within one year	-	144,285	2,301	167,921
Between two to five years	157,966	392,982	152,198	361,343
After five years	-	36,935	-	63,207
	<u>157,966</u>	<u>574,202</u>	<u>154,499</u>	<u>592,471</u>

24 Pension schemes

The Association and three of its operating subsidiary undertakings participate in both a funded defined benefit scheme and a defined contribution scheme.

Defined benefit scheme - Group

Executive, senior and long serving administrative and clerical staff employed before December 2001 were eligible to be included in a non contracted out defined benefit pension scheme. The Scheme closed to future accrual on 28 February 2013, at which point, following the transfer of previously active members, the number of deferred members was 60. The number of pensioner members on 28 February 2013 was 59.

The assets of the scheme, which amounted to £12.611m at 28 February 2013 (2012 - £11,808m) are held in a separate trustee administered fund. The pension cost relating to this scheme is assessed every three years in accordance with the advice of a qualified actuary using the projected unit method.

The latest actuarial valuation, prepared as at 29 February 2012, was signed off on 2 April 2013. Following closure to accrual, there are no continuing employer contributions for future service but the employers continue to be responsible for life assurance costs, expenses and the levy payable in respect of the Pension Protection Fund. The next valuation is due at 28 February 2015.

In order to meet the deficit on past service, the Association and the Trustees of the Scheme agreed on a recovery plan under which the employers contribute £400,000 per annum with effect from 1 March 2013 (increasing by 2.8% on each subsequent 1 March) for a period expected to expire on 31 August 2032.

The total employer contributions for the year, including life assurance and other costs, amounted to £610,867 (2012 - £588,279). The Group expects to contribute £530,000 to the scheme during the year to 28 February 2014.

In accordance with FRS 17, the Group discloses the current deficit in the defined benefit scheme of £6,603,000 (2012 - £4,385,000) less any related deferred tax asset as a separate category of liability on its balance sheet.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (*Continued*)

24 Pension schemes (*continued*)

Reconciliation of present value of plan liabilities

	2013 £'000	2012 £'000
At beginning of year	(16,215)	(15,247)
Current service cost	(280)	(290)
Contribution by scheme participants	(72)	(72)
Interest cost	(811)	(826)
Benefits paid	350	823
Actuarial loss on defined benefit obligation	(2,185)	(603)
Curtailment	(27)	-
	(19,240)	(16,215)
	(19,240)	(16,215)

Composition of plan liabilities

	2013 £'000	2012 £'000
Schemes wholly or partly funded	(19,213)	(16,215)
	(19,213)	(16,215)
	(19,213)	(16,215)

Reconciliation of fair value of plan assets

	2013 £'000	2012 £'000
At beginning of year	11,830	11,967
Expected return on assets	822	981
Association contributions	437	450
Contribution by scheme participants	72	72
Benefits paid	(350)	(823)
Actuarial (loss)/gain on assets	(174)	(817)
At the end of year	12,637	11,830
	12,637	11,830

Reconciliation to balance sheet

	2013 £'000	2012 £'000
Present value of funded obligations	(19,240)	(16,215)
Fair value of plan assets	12,637	11,830
	(6,603)	(4,385)
Plan deficit	(6,603)	(4,385)
Related deferred tax asset	1,519	1,097
Net liability	(5,084)	(3,288)

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (*Continued*)

24 Pension schemes (*continued*)

Analysis of amounts recognised in the consolidated profit and loss account are as follows:

	2013 £'000	2012 £'000
<i>Included in administrative expenses:</i>		
Current service cost	(280)	(290)
	<u> </u>	<u> </u>

Analysis of the amount charged to finance income/(expenses):

Expected return - pension scheme assets	822	981
Interest on pension scheme liabilities	(811)	(826)
	<u> 11</u>	<u> 155</u>

Analysis of amount recognised in the statement of total recognised gains and losses

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme asset	(174)	(817)
Changes in assumptions underlying the present value of the scheme liabilities	(2,185)	(603)
Actuarial losses recognised in statement of total recognised gains and losses	<u>(2,359)</u>	<u>(1,420)</u>

	2013 £'000	2012 £'000
<i>Cumulative amount of losses recognised in the statement of total recognised gains and losses</i>	<u>(7,081)</u>	<u>(4,722)</u>

Composition of plan assets

	2013 £'000	2012 £'000
Target return	12,344	11,657
Individual policies	103	92
Other assets	190	81
Total	<u>12,637</u>	<u>11,830</u>

The overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long term returns by asset class.

	2013 £'000	2012 £'000
<i>Actual return on plan assets</i>	<u>648</u>	<u>164</u>

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (*Continued*)

24 Pension schemes (*continued*)

The major assumptions used by the actuary in preparing the valuation for FRS 14 purposes were:

	2013	2012
Discount rates	4.70%	5.00%
Expected rates of returns on plan assets		
Target Return Fund	6.90%	6.90%
Cash	6.90%	6.90%
Other assets	6.90%	6.90%
Rate of increase in salaries	0.00%	2.50%
Deferred pension revaluation	3.10%	2.90%
Future pension increases	3.10%	2.90%
Inflation assumption	3.10%	2.90%

Five year analysis

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligation	(19,240)	(16,215)	(15,247)	(13,809)	(10,912)
Scheme assets	12,637	11,830	11,967	10,537	8,415
Overall gross deficit	(6,603)	(4,385)	(3,280)	(3,272)	(2,497)
Experience gains and losses on scheme liabilities	(352)	-	-	(529)	-
Changes in assumptions used to value Scheme liabilities	(1,833)	(603)	(479)	(1,544)	1,859
Experience gains and losses on scheme assets	(174)	(817)	208	1,116	(1,824)

Defined benefit scheme – Association

As described in the accounting policies on page 12, the defined benefit pension scheme is a group multi-employer scheme. The actuary has determined that for FRS 17 purposes, a realistic split of the assets and liabilities for allocation to member entities cannot be reliably achieved. In the individual entities therefore, pension costs are charged to the profit and loss account in the period in which they become payable (as for a defined contribution scheme).

The contributions payable by the Association to the scheme for the year ended 28 February 2013 were £270,844 (2012 - £274,110).

Defined contribution scheme - Group

A money purchase defined contribution scheme is available for other staff including executive and administrative and clerical staff employed since December 2001.

The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Association and its subsidiaries to the fund and amounted to £190,337 in the current year (2012 - £194,051).

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 *(Continued)*

25 Additional information on subsidiary undertakings and related parties

Subsidiary	Country of incorporation, registration and operation	Principal activity	Percentage of ordinary shares held
B & ESA Limited (formerly HVCA Limited)	England	Holding company	100%
Welplan Limited	England	Administration of welfare benefits and health insurance schemes	100%*
Piper Insurance Company Limited	Isle of Man	Insurance	100%*
Building Engineering Services Training Limited	England	Training	100%*
Piper Assessment Limited	England	Assessment of gas operatives	100%*
Engineering Services Skillcard Limited	England	Registration of industry qualifications and skills	100%*
Building Engineering Services Competence Assessment Limited	England	Operation of competent persons schemes	100%*
Refcom Limited	England	Competence registration	100%*
Welplan Holiday Pay Limited	England	Operation of holiday pay schemes	100%*
Welplan Investments Limited	England	Investment of holiday pay funds	100%*
ECI Holiday Pay Limited	England	Operation of holiday pay schemes	100%*
ECI Holiday Pay Investments Limited	England	Investment of holiday pay funds	100%*
Senna Property Services Limited	England	Dormant	100%*
RAD Training Limited	England	Dormant	100%*
H&V Welfare Limited	England	Dormant	100%*
H&V Pensions Trustee Company Limited	England	Dormant	100%*
Piper Commissions Limited	England	Dormant	100%*
Piper Training Limited	England	Dormant	100%*

The shareholdings in companies marked with * are held through B & ESA Limited or its subsidiary companies.

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (Continued)

25 Additional information on subsidiary undertakings and related parties (continued)

Related parties

The Finance Committee considers there to be four classes of related party as follows:

- (i) Credit Card Holidays Limited, Welfare Holdings (H&V) Limited and ESCA Estates Limited, being associated companies of the Association are related parties of the Association for the purposes of Financial Reporting Standard No 8 "Related Party Disclosures". A summary of the aggregate transactions which have been undertaken by the Group with these parties is as follows:

The Group	2013 £	2012 £
Amounts included in turnover:		
Administration fees	689,335	687,451
Amounts included in administration expenses:		
Rent	63,000	63,000
Net income from interests in associated companies	183,439	261,764
Amounts included in debtors	87,184	113,477
Amounts included in creditors	276,055	257,230

- (ii) Engineering Services Training Trust Limited, SummitSkills Limited and Refcom Certification Limited are considered by the Finance Committee to be related parties of the Association for the purposes of Financial Reporting Standard No. 8 "Related Party Disclosures" by virtue of the Association's influence upon these organisations. A summary of the aggregate transactions which have been undertaken by the Group with these parties is as follows:

The Group	2013 £	2012 £
Amounts included in administrative costs:		
Subscriptions payable (net)	32,500	43,611
Amounts included in turnover:		
Administration fees	60,000	50,000
Amounts included in debtors	297,256	151,957

BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements
for the year ended 28 February 2013 (*Continued*)

25 Additional information on subsidiary undertakings and related parties (*continued*)

Related parties (*continued*)

- (iii) The Welfare Schemes listed below are considered by the Finance Committee to be related parties of the Association for the purposes of Financial Report Standard No 8 "Related Party Disclosures" by virtue of these schemes being administered by Welplan Limited, a wholly owned subsidiary of the Association, as Trustee.

The Welfare Schemes are as follows:

H&V Sickness and Accident Benefit Scheme
H&V Death Benefit Scheme
H&V Pensions
TICI Sickness and Accident Benefit Scheme
TICI Death Benefit Scheme
ECI Sickness and Accident Benefit Scheme
ECI Death Benefit Scheme

A summary of the aggregate transactions which have been undertaken by the Group with these related parties is as follows:

The Group	2013 £	2013 £	2012 £	2012 £
Amounts included in turnover:				
Administration fees	932,975		849,758	
Insurance premiums	503,030		472,392	
	<u> </u>	1,436,005	<u> </u>	1,322,150
		<u> </u>		<u> </u>
Amounts included in debtors				
		297,256		151,857
		<u> </u>		<u> </u>

- (iv) Council Members are related parties of the Association for the purposes of Financial Reporting Standard No 8 "Related Party Disclosures". A summary of the aggregate transactions with Building & Engineering Services Association member firms represented on the Council is as follows:

	2013 £	2012 £
Amounts included in turnover:		
Subscriptions	344,112	299,033
	<u> </u>	<u> </u>