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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
1327	47	N/A	3	1377

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	R SHELLEY	S SHARP	19/07/2012
PRESIDENT ELECT	S SHARP	B BISSET	19/07/2012
VICE PRESIDENT	B BISSET	A SNEYD	19/07/2012
IMMEDIATE PAST PRESIDENT	M BURTON	R SHELLEY	19/07/2012

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
3,960,458	From Members	Subscriptions, levies, etc	3,909,958	
328,716	Investment income	Interest and dividends (gross)	299,080	
214,468		Bank interest (gross)		
		Other-Income from related	278,866	
	Other income	Rents received		
478,032		Insurance commission	472,392	
462,943		Assessment	749,609	
4,897,001		Training Agency	3,990,695	
3,629,389		Welfare and other services	3,518,853	
13,971,007	TOTAL INCOME			13,219,453
	EXPENDITURE			
	Administrative expenses			
7,364,049		Remuneration and expenses of staff	7,250,841	
840,945		Occupancy costs	890,553	
523,077		Printing, stationery, post & telephones	564,169	
1,859,614		Legal and professional fees	1,674,725	
199,691		Publicity	158,890	
1,604,844		College fees and grants payable	1,162,668	
880,562		Travel and motor expenses	878,782	
13,272,782				12,580,628
29,238	Other charges	Bank charges	23,983	
253,210		Depreciation	399,521	
159,799		Affiliation fees	144,036	
115,731		Insurance claims paid	175,417	
138,987		Conference and meeting fees	154,095	
234,124		Expenses	312,930	
3,165		(Profit)/Loss on disposal of fixed assets	(11,545)	
(263,000)		Finance costs (FRS17)	(315,000)	
230,507		Actuarial (gain)/loss (FRS17)	1,129,550	
901,761				2,012,987
100,108	Taxation			72,489
14,274,651	TOTAL EXPENDITURE			14,666,104
(303,644)	Surplus/(deficit) for year			(1,446,651)
6,327,856	Amount of fund at beginning of year			6,024,212
6,024,212	Amount of fund at end of year			4,577,561

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 2011

(see notes 19 and 20)

Previous Year		£	£
2,447,161	Fixed Assets (as at page 8)		2,248,782
	Investments (as per analysis on page 9)		
1,454,234	Quoted (Market value £1,454,234)	840,137	
553,336	Unquoted	576,839	
2,007,570	Total		1,416,976
	Investments		
	Other Assets		
4,872,024	Sundry debtors	5,171,355	
18,591,336	Cash at bank and in hand	16,325,076	
-	Stocks of goods	-	
102,498	Others – Intangible assets	163,185	
23,565,858	Total of other		21,659,616
	assets		
28,020,589		TOTAL ASSETS	25,325,374
5,655,725	Revenue Fund (Account)		4,209,074
	Double Guarantee Scheme Fund (Account)		
368,487	Statutory Reserve Fund (Account)		368,487
	Revaluation Reserve		
	Liabilities		
	Loans		
752,444	Bank overdraft	520,124	
18,628	Tax payable	5,533	
17,078,030	Sundry creditors	14,789,005	
1,752,875	Accrued expenses	2,145,451	
	Provisions		
2,394,400	Other liabilities (pension liability)	3,287,700	
21,996,377		TOTAL LIABILITIES	20,747,813
28,020,589		TOTAL ASSETS	25,325,374

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	1,739,177	2,985,741	129,332	4,854,250
Additions during period	21,662	144,751	20,075	186,488
Less: Disposals during period	(168,955)	(77,384)	(41,820)	(288,159)
Less: DEPRECIATION:	-	-	-	-
Total to end of period	1,591,884	3,053,108	107,587	4,752,579
BOOK AMOUNT at end of period	1,472,202	750,872	25,708	2,248,782
Freehold	1,471,192			
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)	1,010			
AS BALANCE SHEET	1,472,202			

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £	
QUOTED	British Government & British Government Guaranteed Securities		
	British Municipal and County Securities		
	1,454,234	Other quoted securities (Investment fund)	840,137
	1,454,234	TOTAL QUOTED (as Balance Sheet)	840,137
		*Market Value of Quoted Investments	
UNQUOTED	British Government Securities		
	British Municipal and County Securities		
	Mortgages		
	553,336	Other unquoted securities-interest in associated undertakings	576,839
	1,454,234	TOTAL QUOTED (as Balance Sheet)	840,137
553,336	*Market Value of Unquoted Investments	576,839	

* 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 (formerly HVCA 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	<input type="checkbox"/>	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 (formerly HVCA Limited)	(This section is currently empty)				
UNINCORPORATED EMPLOYERS ASSOCIATIONS					
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	<input type="checkbox"/>	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 B&ESA Limited (formerly HVCA Limited)	NAMES OF SHAREHOLDERS 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	3,909,958		3,909,958
From Investments	577,946		577,946
Other Income (including increases by revaluation of assets)	8,731,549		8,731,549
Total Income	13,219,453		13,219,453
EXPENDITURE (including decreases by revaluation of assets)	14,666,104		14,666,104
Total Expenditure	14,666,104		14,666,104
Funds at beginning of year (including reserves)	6,024,212		6,024,212
Funds at end of year (including reserves)	4,577,561		4,577,561
ASSETS			
Fixed Assets			2,248,782
Investment Assets			1,416,976
Other Assets			21,659,616
		Total Assets	25,325,374
LIABILITIES		Total Liabilities	20,747,813
NET ASSETS (Total Assets less Total Liabilities)			4,577,561

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

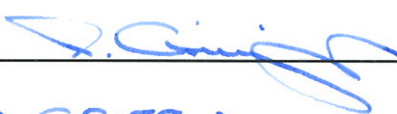
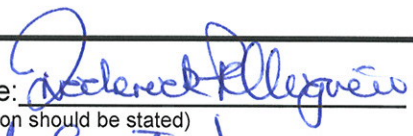
(see notes 37 and 38)

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:  Name: <u>N. GRIFFIN</u> Date: <u>26/7/12</u>	Chairman's Signature:  (or other official whose position should be stated) (Deputy Chief Executive) Name: <u>RODERICK PETTIGREW</u> Date: <u>26 JULY 2012</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

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

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

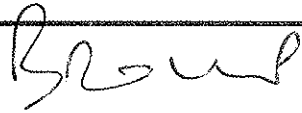
4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided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

The financial statements have been prepared in accordance with the terms of the engagement letter under UK Generally Accepted Accounting Practices and International Standards on Auditing (UK and Ireland), not specifically considering the Trade Union and Labour Relations (Consolidation) Act 1992. However, we confirm that the audit report that we have issued and the work performed is fully compliant with the requirements of section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

Our audit report is included in the signed financial statements attached.

Our report in relation to our review of the information included within this return is attached to this document

AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:		
Name(s):	BDO LLP	
Profession(s) or Calling(s):	Chartered Accountants and Registered Auditors	
Address(es):	3 Hardman Street Manchester M3 3AT	
Date:	24 August 2012	
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.

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS

28 AUG 2012

RECEIVED

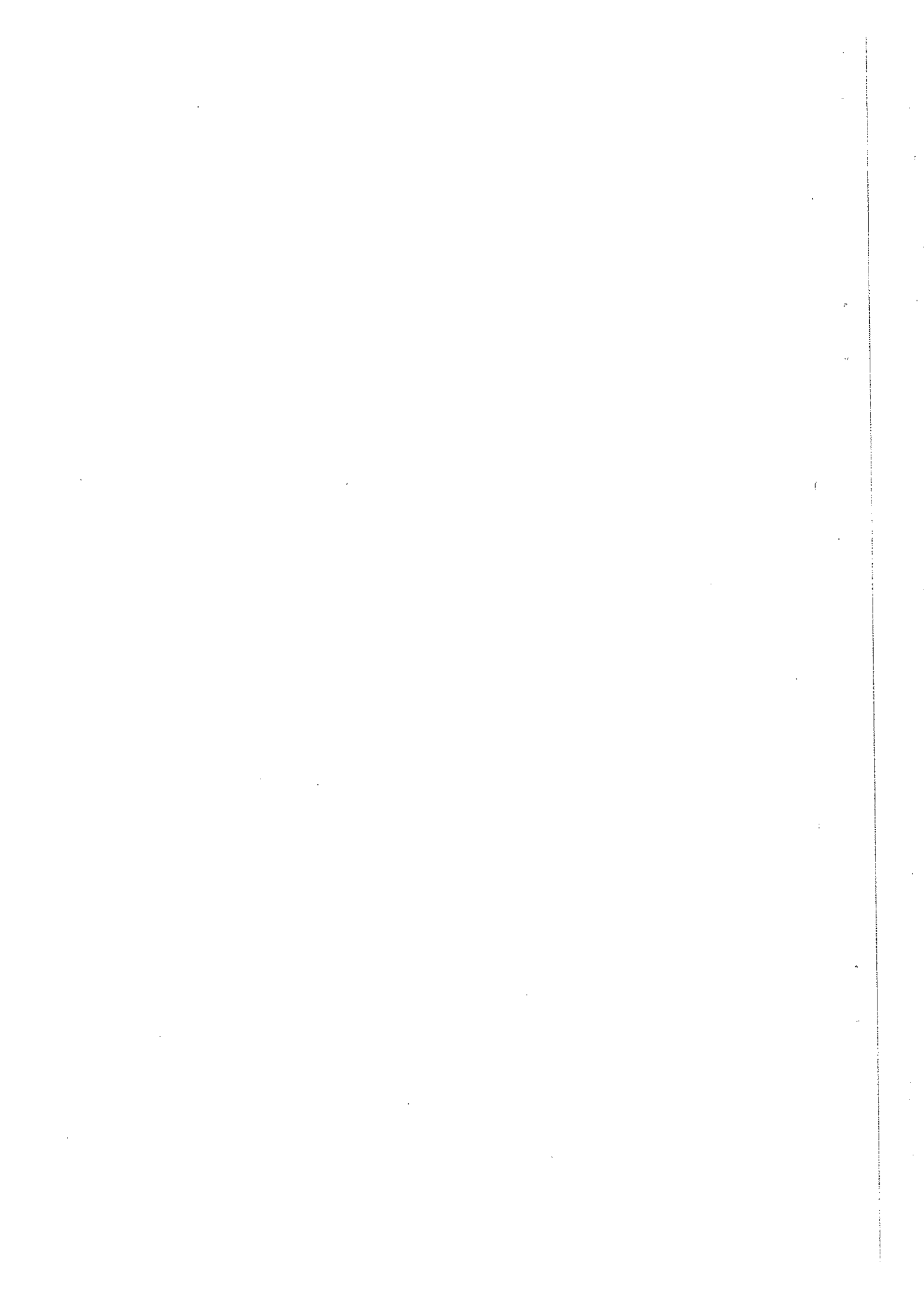
**BUILDING & ENGINEERING
SERVICES ASSOCIATION
(formerly the Heating and
Ventilating Contractors' Association)**

Annual Report and Financial Statements

Year Ended

29 February 2012



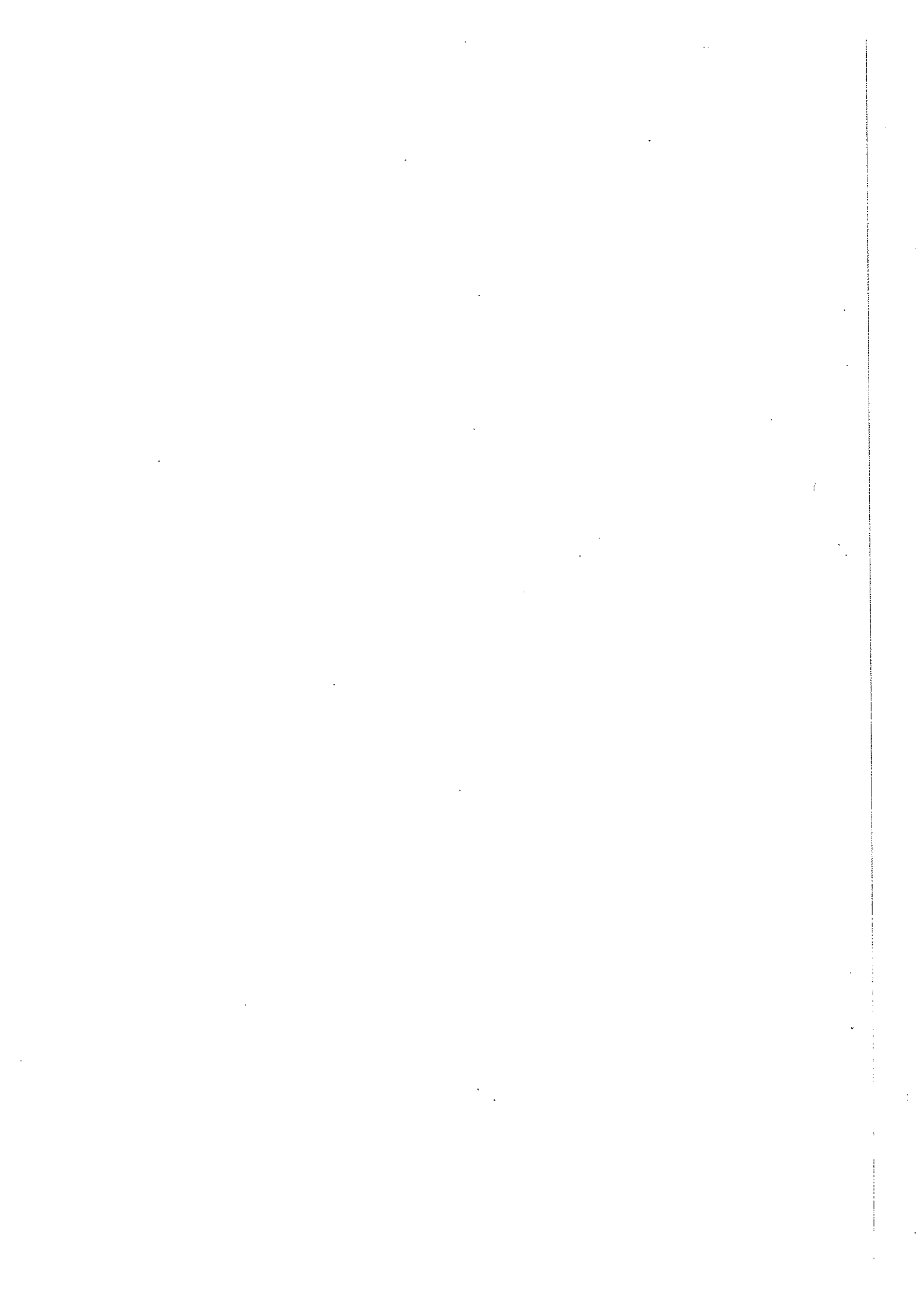


BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Annual report and financial statements
for the year ended 29 February 2012

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
(formerly the Heating and Ventilating Contractors' Association)

Annual report and financial statements
for the year ended 29 February 2012

Members of the Council who have served during the year

R. Shelley – Argent FM Ltd (President)
S. Sharp – Overclean Ltd
M. Burton – Delron Services Ltd
G. Manly – Gratte Brothers Ltd
D. Aitken – Vaughan Engineering Group Ltd
D. Bailey – Brothwell Irvine Ltd
M. Bailey – NG Bailey Ltd
W. Belshaw – End Systems Ltd
B. Bisset – Galloway Group Ltd
A. Blunsdon – Priddy Engineering Services Ltd
J. Canning – NBC (Air Conditioning) Ltd
A. Carr – Castle Property & Building Services Ltd
A. Cuddy – A C Services Ltd
J. Cuthbert – Gratte Brothers Ltd
D. Ellis – Hilton Building Services Ltd
P. Excell – Rollright Facilities Ltd
G. Fox – Specialist Mechanical Services
N. Freeman – Carter Synergy Ltd
S. Gleed – Cellite Airconditioning Ltd
M. Gowing – Gowing & Hunt Ltd
A. Gregory – Indepth Hygiene Services Ltd
P. Hancock – Crown House Technologies Ltd
G. Harrowell – Ductwork Design & Installation Ltd
P. Hoyle –
C. Heath – Genesis Facilities Maintenance Ltd
J. Hurst – Superior Plumbing Installations Ltd
N. James – Arnold James (St Albans) Ltd
G. Jackson – T Jolly (Services) Ltd
B. Lane – Roperhurst Ltd
M. McCloskey – Argent FM Ltd
I. McGregor – Delron Services Ltd
J. Miller – J.H. Shouksmith & Sons Ltd
P. Mitchell-Eheim – Rosser & Russell Maintenance Ltd
T. Mottram – Pipe Systems Ltd
J. Norfolk – Rotary Yorkshire Ltd
B. Pollard – Mansfield Pollard & Co Ltd
G. Robinson – Geoffrey Robinson Ltd
P. Rogers – Ductwork Projects Ltd
M. Staton – Statons Ltd
M. Taylor – Lorne Stewart Plc
B. Townsend – End Systems Ltd
G. Vaughan – E. Poppleton & Son Ltd
K. White – Senior Hargreaves Ltd
B. Wilgar – A.C. Wilgar Ltd
T. Williams – Cool Solution Refrigeration Ltd

Members of the Finance Committee who have served during the year

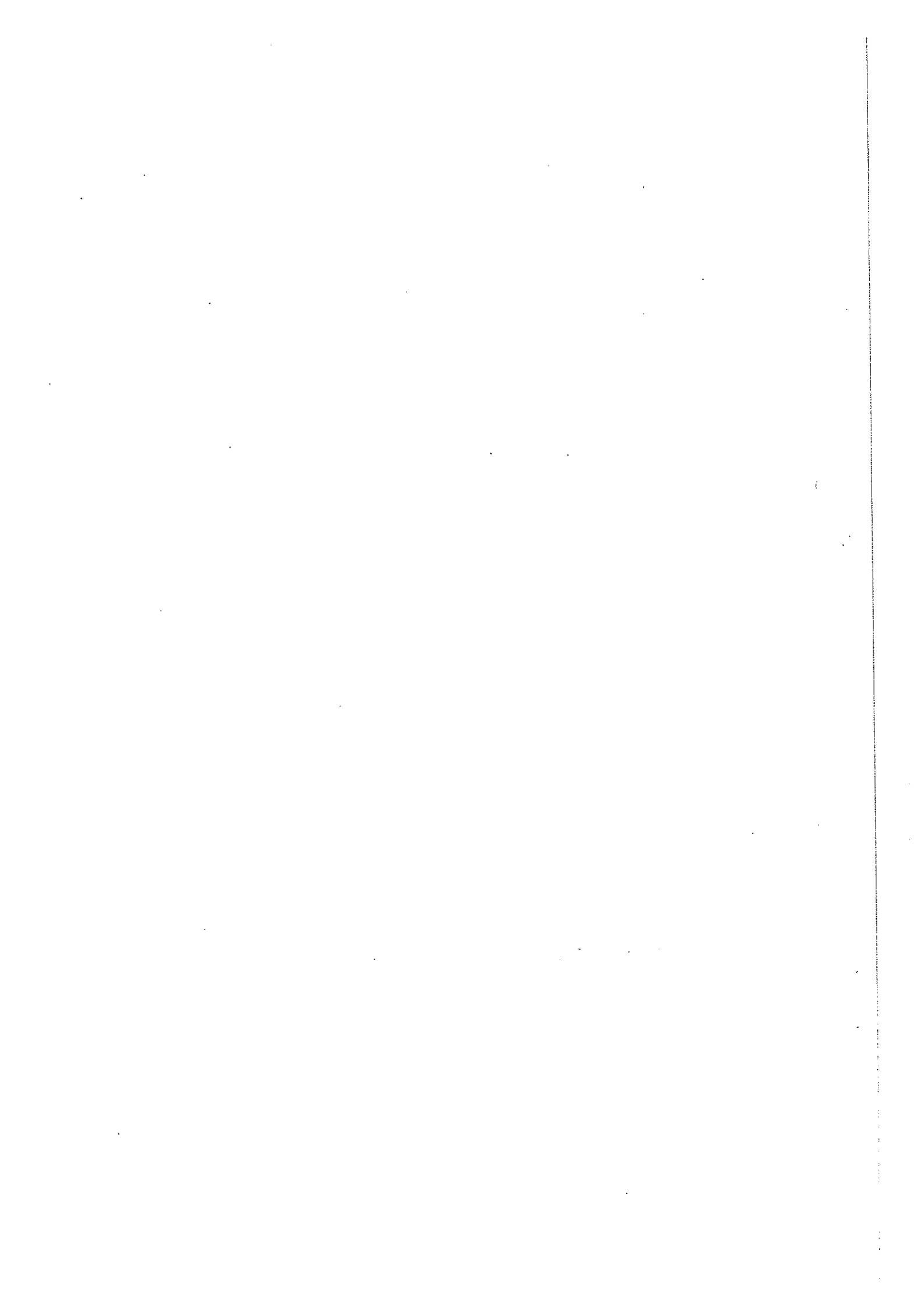
W. Belshaw (Chairman)
B. Bisset
M. Burton
T. Espin
P. Fox
P. Hoyle
M. Johnson
G. Manly
M. McCloskey
J. Miller
G. Robinson
S. Sharp
R. Shelley
M. Taylor
B. Townsend
G. Vaughan
B. Judd (Chief Executive)
R. Higgs
R. Pettigrew (Deputy Chief Executive)
N. Griffin (Head of Operations)

Secretary to the Committee

R. Barraclough (Finance Director)

Auditors

BDO LLP
3 Hardman Street
Manchester
M3 3AT



BUILDING & ENGINEERING SERVICES ASSOCIATION (formerly the Heating and Ventilating Contractors' Association)

Report of the Finance Committee for the year ended 29 February 2012

The members of the Finance Committee present their annual report and the audited financial statements for the year ended 29 February 2012.

Change of name

The name of the Association was changed from the "Heating and Ventilating Contractors' Association" to the "Building & Engineering Services Association" by resolution of its members passed at a Special General Meeting held on 8 December 2011.

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 £786,000 as compared with the previous year, principally caused by lower income from member subscriptions for the Association and learner recruitment and training via BEST. The consequent reduction in gross surplus has been supplemented by an increase of approximately £185,000 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 £977,558 as compared with a deficit of £612,213 for the previous year. Against this, investment and other income, including the finance element of the provision under the FRS 17 accounting standard in relation to the pension scheme, total £732,946, which is slightly higher than the previous year, giving a net deficit of £244,612 for the year before taxation, against a surplus of £26,971.

Taxation for the year amounts to £72,489 (the factors which have given rise 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 £317,101 which, when added to the net actuarial loss of £1,050,800, after notational tax relief, 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 £1,446,651.

Although it would clearly have preferred the outcome for the year to have been different, the Finance Committee is reasonably pleased that the deficit before tax for the year is relatively low. It is however disappointed that the perennially unpredictable results for the FRS 17 valuation required in respect of the pension scheme has had a significant negative effect on reserves.

With regard to the coming year ending 28 February 2013, 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 companies. As a consequence, the Committee believes that it must be appropriate to predict that there will be an increase in the level of deficit and a further reduction in reserves.

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 not continue to provide sufficient 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
(formerly the Heating and Ventilating Contractors' Association)

Report of the Finance Committee
for the year ended 29 February 2012 (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 changes have taken place during the year:

B. Bisset (Appointed 21 July 2011)
B. Judd (Appointed 25 July 2011)
P. Fox (Appointed 16 November 2011)
G. Manly (Resigned 21 July 2011)
T. Espin (Resigned 25 August 2011)
R. Higgs (Resigned 25 July 2011)
M. Johnson (Resigned 16 November 2011)
P. Hoyle (Resigned 22 February 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
(formerly the Heating and Ventilating Contractors' Association)

Report of the Finance Committee
for the year ended 29 February 2012 (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 have 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

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BUILDING & ENGINEERING SERVICES ASSOCIATION (formerly the Heating and Ventilating Contractors' Association)

We have audited the financial statements of the Building & Engineering Services Association (formerly the Heating and Ventilating Contractors' Association) for the year ended 29 February 2012 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. These financial statements have been prepared under the accounting policies set out therein.

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. 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 29 February 2012 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, statutory auditor
Manchester
Date 21 JUNE 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Consolidated profit and loss account
for the year ended 29 February 2012

	Note	2012 £	2011 £
Turnover	2	12,641,507	13,427,823
Cost of sales		(8,430,053)	(9,025,657)
Gross surplus		<u>4,211,454</u>	<u>4,402,166</u>
Administrative expenses		(5,189,012)	(5,014,379)
Operating deficit		<u>(977,558)</u>	<u>(612,213)</u>
Income from interests in associated undertakings	5	278,866	214,468
Other interest receivable and similar income	6	299,080	328,716
Net finance income – FRS 17	24	155,000	96,000
(Deficit)/surplus on ordinary activities before taxation	4	<u>(244,612)</u>	<u>26,971</u>
Tax on (deficit)/surplus on ordinary activities	7	(72,489)	(100,108)
Deficit for the financial year	17	<u><u>(317,101)</u></u>	<u><u>(73,137)</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
(formerly the Heating and Ventilating Contractors' Association)

Consolidated statement of total recognised gains and losses
for the year ended 29 February 2012

	2012 £	2011 £
Deficit for the financial year	(317,101)	(73,137)
Items arising in respect of the application of FRS 17 regarding the defined benefit pension scheme (see note 24):		
Actuarial loss	(1,420,000)	(271,000)
Deferred taxation on actuarial loss	369,200	116,373
Tax rate adjustment on brought forward balance	(78,750)	(75,880)
Total recognised losses recorded in the financial year	<u>(1,446,651)</u>	<u>(303,644)</u>

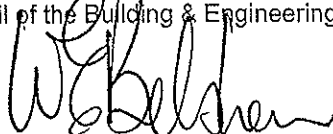
The notes on pages 11 to 28 form part of these financial statements.

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

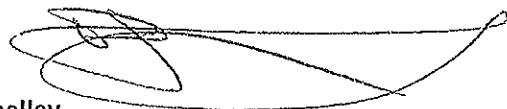
Consolidated balance sheet at 29 February 2012

	Note	2012	2012	2011	2011
		£	£	£	£
Fixed assets					
Intangible assets	9		163,185		102,498
Tangible assets	10		2,248,782		2,447,161
Investments	11		576,839		553,336
			<u>2,988,806</u>		<u>3,102,995</u>
Current assets					
Debtors	12	5,171,355		4,872,024	
Investments	13	840,137		1,454,234	
Cash at bank and in hand	14	16,325,076		18,591,336	
			<u>22,336,568</u>	<u>24,917,594</u>	
Creditors: amounts falling due within one year					
	15	17,460,113		19,601,977	
				<u>19,601,977</u>	
Net current assets			4,876,455		5,315,617
Total assets less current liabilities			<u>7,865,261</u>		<u>8,418,612</u>
Net pension liability under FRS17	24		3,287,700		2,394,400
Net assets			<u>4,577,561</u>		<u>6,024,212</u>
Represented by:					
Accumulated funds	17		<u>4,577,561</u>		<u>6,024,212</u>

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 30 May 2012.



W. Belshaw
Chairman of the
Finance Committee



R. Shelley
President

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

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Association balance sheet at 29 February 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	10		112,518		130,274
Investments	11		130,000		130,000
			<u>242,518</u>		<u>260,274</u>
Current assets					
Debtors	12	2,849,042		2,846,154	
Cash at bank and in hand	14	330,300		326,743	
		<u>3,179,342</u>		<u>3,172,897</u>	
Creditors: amounts falling due within one year	15	2,173,210		1,776,068	
Net current assets			<u>1,006,132</u>		<u>1,396,829</u>
Net assets			<u>1,248,650</u>		<u>1,657,103</u>
Represented by:					
Accumulated funds	17		<u>1,248,650</u>		<u>1,657,103</u>

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 30 May 2012.



W. Belshaw
Chairman of the
Finance Committee



R. Shelley
President

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

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Consolidated cash flow statement
for the year ended 29 February 2012

	Note	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	18	(2,931,566)	1,374,703
Dividend income from associated undertakings		240,093	168,068
Returns on investments and servicing of finance	21	299,080	328,716
Corporation tax paid	21	8,436	(24,872)
Investing activities	21	(250,329)	(1,095,108)
Cash (outflow)/inflow before use of liquid resources and financing		<u>(2,634,286)</u>	<u>751,507</u>
Management of liquid resources	21	600,346	(232,136)
(Decrease)/increase in cash	19, 20	<u>(2,033,940)</u>	<u>519,371</u>

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

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012

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 29 February 2012 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.

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:

- 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.

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 (*Continued*)

1 Accounting policies (*continued*)

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.

Leases

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

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 *(Continued)*

Training income and expenditure

Income resulting from learner achievement 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 achievement are provided for in full based upon the criteria described above.

2 Turnover

Turnover for the Group during the year was as follows:

	2012	2011
	£	£
Subscriptions	3,909,958	3,960,458
Welfare and other services	2,018,346	2,272,857
Training	3,990,695	4,897,001
Insurance	472,392	478,032
Assessment	749,609	462,943
Registration	445,672	424,152
Other income	1,054,835	932,380
	12,641,507	13,427,823

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:

	2012	2011
	Number	Number
The Association	43	41
Building Engineering Services Training Limited	56	70
Welplan Limited	63	63
Piper Assessment Limited	15	11
	177	185

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 (*Continued*)

4 Surplus on ordinary activities before taxation

	2012	2011
This is arrived at after charging/(crediting):	£	£
Rentals under operating leases:		
Hire of equipment	207,694	375,646
Other operating leases	175,060	194,360
Depreciation	381,380	253,210
(Profit)/loss on disposal of fixed assets	(11,545)	3,165
Auditors' remuneration - audit services	54,400	54,400
- non audit services	23,245	9,105
Fees paid to other auditors for subsidiary undertakings	4,500	4,500
	278,866	214,468

5 Income from interests in associated undertakings

	2012	2011
	£	£
Share of profits before taxation of Welfare Holdings (H&V) Limited	191,841	164,250
Share of profits before taxation of other associated undertakings	87,025	50,218
	278,866	214,468

6 Other interest receivable and similar income

	2012	2011
	£	£
Bank interest	271,132	277,128
Income from investment funds	27,948	51,588
	299,080	328,716

7 Tax on surplus on ordinary activities

	2012	2011
	£	£
<i>UK current corporation tax</i>		
Corporation tax charge	5,533	24,074
Associated undertakings – share of tax charge	15,270	14,061
Adjustments to prior years' tax provision	(27,064)	(9,037)
Total current corporation tax	(6,261)	29,098
<i>Deferred tax</i>		
Adjustment for taxation on pension liability tax rate	78,750	71,010
Taxation charge on surplus on ordinary activities	72,489	100,108

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 (*Continued*)

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

	2012 £	2011 £
(Deficit)/surplus on ordinary activities before tax	(244,612)	26,971
(Deficit)/surplus on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 – 28%)	(63,599)	7,552
Effect of:		
Expenses not deductible for tax purposes	12,661	20,711
Excess of depreciation over capital allowances	20,660	(2,546)
Adjustment to tax charge in respect of previous periods	(27,064)	(9,037)
UK tax at rates less than standard rate	(12,138)	(10,655)
Taxation differentials on overseas profits	-	11,357
Tax losses for the year not utilised	141,969	82,726
Deferred tax in relation to pension liability tax rate	(78,750)	(71,010)
Current tax charge for year	(6,261)	29,098

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 £660,000 (2011 - £860,000) the Association's deficit for the financial year amounted to £408,453 (2011 – £93,874 surplus).

9 Intangible fixed assets

The Group	Goodwill £	Development costs £	Total £
<i>Cost</i>			
At 1 March 2011	50,000	52,498	102,498
Additions	-	78,873	78,873
At 29 February 2012	50,000	131,371	181,371
<i>Accumulated depreciation</i>			
At 1 March 2011	-	-	-
Charge for the year	5,000	13,186	18,186
At 29 February 2012	5,000	13,186	18,186
<i>Net book value</i>			
At 29 February 2012	45,000	118,185	163,185
At 28 February 2011	50,000	52,498	102,498

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements for the year ended 29 February 2012 (<i>Continued</i>)					
10 Tangible fixed assets	Freehold buildings	Leasehold buildings improvements	Motor vehicles	Equipment furniture & fittings	Total
The Group	£	£	£	£	£
<i>Cost</i>					
At 1 March 2011	1,569,212	169,965	129,332	2,985,740	4,854,249
Additions	21,662	-	20,075	144,751	186,488
Disposals	-	(168,955)	(41,820)	(77,384)	(288,159)
At 29 February 2012	<u>1,590,874</u>	<u>1,010</u>	<u>107,587</u>	<u>3,053,107</u>	<u>4,752,578</u>
<i>Accumulated depreciation</i>					
At 1 March 2011	99,125	168,955	93,216	2,045,792	2,407,088
Charge for the year	20,557	-	26,998	333,825	381,380
Disposals	-	(168,955)	(38,335)	(77,382)	(284,672)
At 29 February 2012	<u>119,682</u>	<u>-</u>	<u>81,879</u>	<u>2,302,235</u>	<u>2,503,796</u>
<i>Net book value</i>					
At 29 February 2012	<u>1,471,192</u>	<u>1,010</u>	<u>25,708</u>	<u>750,872</u>	<u>2,248,782</u>
At 28 February 2011	<u>1,470,087</u>	<u>1,010</u>	<u>36,116</u>	<u>939,948</u>	<u>2,447,161</u>
The Association					
			Motor vehicles	Equipment furniture & fittings	Total
			£	£	£
<i>Cost</i>					
At 1 March 2011			88,922	779,920	868,842
Additions			20,075	28,013	48,088
Disposals			(41,820)	-	(41,820)
At 29 February 2012			<u>67,177</u>	<u>807,933</u>	<u>875,110</u>
<i>Accumulated depreciation</i>					
At 1 March 2011			70,644	667,924	738,568
Charge for the year			19,861	42,498	62,359
Disposals			(38,335)	-	(38,335)
At 29 February 2012			<u>52,170</u>	<u>710,422</u>	<u>762,592</u>
<i>Net book value</i>					
At 29 February 2012			<u>15,007</u>	<u>97,511</u>	<u>112,518</u>
At 28 February 2011			<u>18,278</u>	<u>111,996</u>	<u>130,274</u>

The cost of equipment, furniture and fittings includes for the Group £1,764,795 (2011 - £1,752,251) and for the Association £628,497 (2011 - £566,584) in respect of assets which are fully written down and still in use.

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 (Continued)

11 Fixed asset investments

	2012 Group £	2012 Association £	2011 Group £	2011 Association £
Shares in subsidiary undertakings	-	100,000	-	100,000
Interests in associated undertakings	576,839	30,000	553,336	30,000
	<u>576,839</u>	<u>130,000</u>	<u>553,336</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 2011	523,300	
Movement for the year	<u>23,503</u>	
		546,803
Balance at 29 February 2012		<u>576,839</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	29 Feb 2012	see (a) below
ESCA Estates Limited	43	43	30 Nov 2011	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 (formerly HVCA). 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
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 (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 £206,554 (2011 - £212,100).

12 Debtors

	2012 Group £	2012 Association £	2011 Group £	2011 Association £
Trade debtors	3,084,360	368,012	3,166,608	22,519
Amounts owed by subsidiary undertakings	-	2,079,304	-	2,339,953
Amounts owed by associated undertakings	163,682	112,693	2,148	1,266
Amounts owed by related undertakings	191,354	6,563	222,313	68,246
Other debtors	198,960	51,346	291,342	205,001
Prepayments and accrued income	1,532,999	231,124	1,189,613	209,169
	<u>5,171,355</u>	<u>2,849,042</u>	<u>4,872,024</u>	<u>2,846,154</u>

All amounts are due within one year.

13 Current asset investments

The Group	2012 £	2011 £
Investment funds at market value	840,137	1,454,234
	<u>840,137</u>	<u>1,454,234</u>

14 Cash at bank and in hand

	2012 Group £	2012 Association £	2011 Group £	2011 Association £
Unrestricted cash funds	6,844,221	6,300	6,830,026	2,743
Holiday pay scheme funds	9,156,855	-	11,437,310	-
Funds held in escrow	324,000	324,000	324,000	324,000
	<u>16,325,076</u>	<u>330,300</u>	<u>18,591,336</u>	<u>326,743</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 was released after the balance sheet date.

BUILDING & ENGINEERING SERVICES ASSOCIATION
(formerly the Heating and Ventilating Contractors' Association)

Notes forming part of the financial statements
for the year ended 29 February 2012 (Continued)

15 Creditors

Amounts falling due within one year

	2012 Group £	2012 Association £	2011 Group £	2011 Association £
Bank overdraft	520,124	95,955	752,444	431,025
Trade creditors	4,514,104	515,793	4,728,550	281,715
Holiday pay scheme liability	9,156,855	-	11,437,310	-
Amounts owed to subsidiary undertakings	-	728,570	-	79,976
Amounts owed to associated undertakings	257,230	-	196,143	-
Amounts owed to related undertaking	151,957	-	-	-
Taxation and social security	240,629	83,490	440,231	278,119
Other creditors	468,230	195,205	275,796	-
Accruals and deferred income	2,145,451	554,197	1,752,875	705,233
Corporation tax payable	5,533	-	18,628	-
	<u>17,460,113</u>	<u>2,173,210</u>	<u>19,601,977</u>	<u>1,776,068</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 unprovided in the financial statements is as follows:

	Provided 2012 £	Provided 2011 £	Not provided 2012 £	Not provided 2011 £
Timing differences on capital allowances	-	-	75,975	(8,797)
Tax losses not utilised	-	-	(708,914)	(489,093)
	<u>-</u>	<u>-</u>	<u>(632,939)</u>	<u>(497,890)</u>

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

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Notes forming part of the financial statements
for the year ended 29 February 2012 (Continued)

17 Reconciliation of movements in accumulated funds

	General fund £	Statutory reserve £	Total £
The Group			
Balance at 1 March 2011	5,655,725	368,487	6,024,212
Deficit for the year	(317,101)	-	(317,101)
Items taken directly to reserves in respect of the application of FRS 17 regarding the defined benefit pension scheme (see Note 24):			
Actuarial loss	(1,420,000)	-	(1,420,000)
Deferred taxation on actuarial loss	369,200	-	369,200
Tax rate adjustment on brought forward balance	(78,750)	-	(78,750)
Balance at 29 February 2012	<u>4,209,074</u>	<u>368,487</u>	<u>4,577,561</u>
The Association			
Balance at 1 March 2011	1,657,103	-	1,657,103
Deficit for the year	(408,453)	-	(408,453)
Balance at 29 February 2012	<u>1,248,650</u>	<u>-</u>	<u>1,248,650</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

	2012 £	2011 £
Operating deficit	(977,558)	(612,213)
Depreciation	381,380	253,210
Amortisation	18,186	-
Increase in debtors	(249,126)	(78,891)
(Increase)/decrease in creditors	(1,946,654)	1,978,407
Movement in market values of investment funds	13,751	(1,973)
Difference between pension charge and cash contributions	(160,000)	(167,002)
(Profit)/loss on disposal of fixed assets	(11,545)	3,165
Net cash (outflow)/inflow from operating activities	<u>(2,931,566)</u>	<u>1,374,703</u>

BUILDING & ENGINEERING SERVICES ASSOCIATION
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Notes forming part of the financial statements
for the year ended 29 February 2012 (Continued)

19 Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Change in net funds resulting from cash flows:		
(Decrease)/increase in cash in the year	(2,033,940)	519,371
Cash flow from movement in current asset investments	(600,346)	232,136
Movement in net funds resulting from cash flows	<u>(2,634,286)</u>	<u>751,507</u>
Movement in market values of investment funds	(13,751)	1,973
Opening net funds	19,293,126	18,539,646
Closing net funds	<u><u>16,645,089</u></u>	<u><u>19,293,126</u></u>

20 Analysis of net funds

	At 1 March 2011 £	Cash flow £	Other non- cash changes £	At 29 February 2012 £
Cash at bank and in hand	18,591,336	(2,266,260)	-	16,325,076
Overdraft	(752,444)	232,320	-	(520,124)
	<u>17,838,892</u>	<u>(2,033,940)</u>	<u>-</u>	<u>15,804,952</u>
Current asset investments	1,454,234	(600,346)	(13,751)	840,137
	<u>19,293,126</u>	<u>(2,634,286)</u>	<u>(13,751)</u>	<u>16,645,089</u>

21 Notes to cash flow statement

	2012 £	2011 £
Returns on investment and servicing of finance		
Interest and investment income received	299,080	328,716
	<u>299,080</u>	<u>328,716</u>
Taxation		
UK corporation tax paid	8,436	(24,872)
	<u>8,436</u>	<u>(24,872)</u>
Investing activities		
Purchase of tangible fixed assets (net of disposals)	(186,488)	(1,019,110)
Purchase of intangible fixed assets	(78,873)	(75,998)
Sale of tangible fixed assets	15,032	-
	<u>(250,329)</u>	<u>(1,095,108)</u>
Management of liquid resources		
Sale of current asset investments	600,346	(232,136)
	<u>600,346</u>	<u>(232,136)</u>

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Notes forming part of the financial statements
for the year ended 29 February 2012 *(Continued)*

22 Capital commitments

At 29 February 2012 capital commitments contracted for but not provided in the Group were £nil (2011 - £nil) and in the Association £nil (2011 - £nil).

23 Operating lease commitments

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

	2012 Land and Buildings £	2012 Other £	2011 Land and Buildings £	2011 Other £
Leases which expire:				
Within one year	2,301	167,921	2,639	46,252
Between two to five years	152,198	361,343	152,198	285,645
After five years	-	63,207	-	-
	<u>154,499</u>	<u>592,471</u>	<u>154,837</u>	<u>331,897</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 are eligible to be included in a non contracted out pension scheme. As at 29 February 2012, the defined benefit scheme had 32 active members accruing benefits, 32 deferred members and 56 pensioner members.

The assets of the scheme, which amounted to £11,830m at 29 February 2012 (2011 - £11,967m) 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 28 February 2009, was signed off on 27 May 2010. This provides for employer contributions for future service at the rate of 14.6% of pensionable salary per annum plus life assurance costs, expenses and the levy payable in respect of the Pension Protection Fund. The next valuation is due at 29 February 2012 but has not yet been prepared.

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 £226,000 per annum for a period of twelve years and nine months from 1 June 2010.

The total employer contributions for the year, including life assurance and other costs, amounted to £588,279 (2011 - £642,210).

In accordance with FRS 17, the Group discloses the current deficit in the defined benefit scheme of £4,385,000 (2011 - £3,280,000) less any related deferred tax asset as a separate category of liability on its balance sheet.

The Group expects to contribute £570,000 to the scheme during the year to 28 February 2013.

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Notes forming part of the financial statements
for the year ended 29 February 2012 *(Continued)*

24 Pension schemes (continued)

Reconciliation of present value of plan liabilities

	2012 £'000	2011 £'000
At beginning of year	(15,247)	(13,809)
Current service cost	(290)	(313)
Contribution by scheme participants	(72)	(87)
Interest cost	(826)	(792)
Benefits paid	823	233
Actuarial loss on defined benefit obligation	(603)	(479)
At the end of year	(16,215)	(15,247)

Composition of plan liabilities

	2012 £'000	2011 £'000
Schemes wholly or partly funded	(16,215)	(15,247)

Reconciliation of fair value of plan assets

	2012 £'000	2011 £'000
At beginning of year	11,967	10,537
Expected return on assets	981	888
Association contributions	450	480
Contribution by scheme participants	72	87
Benefits paid	(823)	(233)
Actuarial (loss)/gain on assets	(817)	208
At the end of year	11,830	11,967

Reconciliation to balance sheet

	2012 £'000	2011 £'000
Present value of funded obligations	(16,215)	(15,247)
Fair value of plan assets	11,830	11,967
Plan deficit	(4,385)	(3,280)
Related deferred tax asset	1,097	886
Net liability	(3,288)	(2,394)

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Notes forming part of the financial statements
for the year ended 29 February 2012 *(Continued)*

24 Pension schemes (continued)

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

	2012 £'000	2011 £'000
<i>Included in administrative expenses:</i>		
Current service cost	(290)	(313)
	<u> </u>	<u> </u>

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

Expected return - pension scheme assets	981	888
Interest on pension scheme liabilities	(826)	(792)
	<u> </u>	<u> </u>
	155	96
	<u> </u>	<u> </u>

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

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme asset	(817)	208
Changes in assumptions underlying the present value of the scheme liabilities	(603)	(479)
	<u> </u>	<u> </u>
Actuarial losses recognised in statement of total recognised gains and losses	(1,420)	(271)
	<u> </u>	<u> </u>

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

	2012 £'000	2011 £'000
	(4,722)	(3,302)
	<u> </u>	<u> </u>

Composition of plan assets

	2012 £'000	2011 £'000
Target return	11,657	11,753
Individual policies	92	89
Other assets	81	125
	<u> </u>	<u> </u>
Total	11,830	11,967
	<u> </u>	<u> </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.

	2012 £'000	2011 £'000
<i>Actual return on plan assets</i>	164	1,096
	<u> </u>	<u> </u>

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Notes forming part of the financial statements
for the year ended 29 February 2012 (*Continued*)

24 Pension schemes (*continued*)

A full actuarial valuation of the defined benefit scheme was carried out at 28 February 2009 and updated at 29 February 2012 by a qualified independent actuary on a FRS 17 basis. The major assumptions used by the actuary were:

	2011	2010
Discount rates	5.00%	5.55%
Expected rates of returns on plan assets		
Target Return Fund	6.90%	8.30%
Cash	6.90%	8.30%
Other assets	6.90%	8.30%
Rate of increase in salaries	2.50%	3.00%
Deferred pension revaluation	2.90%	3.40%
Future pension increases	2.90%	3.40%
Inflation assumption	2.90%	3.40%

Five year analysis

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(16,215)	(15,247)	(13,809)	(10,912)	(11,727)
Scheme assets	11,830	11,967	10,537	8,415	9,005
Overall gross deficit	(4,385)	(3,280)	(3,272)	(2,497)	(2,722)
Experience gains and losses on scheme liabilities	-	-	(529)	-	-
Changes in assumptions used to value Scheme liabilities	(603)	(479)	(1,544)	1,859	718
Experience gains and losses on scheme assets	(817)	208	1,116	(1,824)	(132)

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 29 February 2012 were £274,110 (2011 - £290,731).

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 £194,051 in the current year (2011 - £193,654).

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Notes forming part of the financial statements
for the year ended 29 February 2012 *(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	2012	2011
	£	£
Amounts included in turnover:		
Administration fees	687,451	915,292
Amounts included in administration expenses:		
Rent	63,000	63,000
Net income from interests in associated companies	261,764	214,468
Amounts included in debtors	113,477	2,148
Amounts included in creditors	257,230	242,133
	<u> </u>	<u> </u>

- (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	2012	2011
	£	£
Amounts included on administrative costs:		
Subscriptions payable (net)	43,611	59,583
Amounts included in turnover:		
Administration fees	50,000	60,000
Amounts included in debtors	151,957	103,890
	<u> </u>	<u> </u>

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Notes forming part of the financial statements
for the year ended 29 February 2012 (*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.

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Notes forming part of the financial statements
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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	2012	2012	2011	2011
	£	£	£	£
Amounts included in turnover:				
Administration fees	849,758		913,463	
Insurance premiums	472,392		478,032	
	<u> </u>	1,322,150	<u> </u>	1,391,495
		<u> </u>		<u> </u>
Amounts included in debtors		151,857		154,067
		<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 (formerly Heating and Ventilating Contractors' Association) member firms represented on the Council is as follows:

	2012	2011
	£	£
Amounts included in turnover:		
Subscriptions	299,033	205,968
	<u> </u>	<u> </u>

