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# FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

## ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:	Building & Engineering Services Association
Year ended:	28 February 2015
List No:	043/E
Head or Main Office:	Lincoln House 137-143 Hammersmith Road, London W14 0QL
Website address (if available)	www.b-es.org
Has the address changed during the year to which the return relates?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> (Tick as appropriate)
General Secretary:	Mr Mark Oakes
Contact name for queries regarding the completion of this return:	Ms Skye Hardy
Telephone Number:	01768 860432
e-mail:	s.hardy@welplan.co.uk

**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  
22<sup>nd</sup> 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



(Revised February 2011)

# BUILDING & ENGINEERING SERVICES ASSOCIATION

## Annual report and financial statements for the year ended 28 February 2015

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### Members of the Council who have served during the year

A. Sneyd – Crown House Technologies (President)  
J. Marner – Shepherd Engineering Services  
M. Thomson – Enigma Environmental Services  
B. Bisset – Galloway Group Ltd  
D. Bailey – Brothwell Irvine Ltd  
A. Blunsdon – Priddy Engineering Services Ltd  
G. Borgese – Bouygues E&S FM UK Ltd  
S. Bradshaw – Shepherd Engineering Services  
R. Briggs – Maurice Flynn & Sons Ltd  
T. Brunt – Briggs and Forrester (Special Projects) Ltd  
M. Burton – Delron Services Ltd  
A. Byrne – Gratte Brothers Ltd  
J. Canning – NBC (Air Conditioning) Ltd  
S. Carter – NG Bailey Facilities Services  
G. Clay – GCSI Ltd  
N. Freeman – Carter Synergy Ltd  
G. Fox – Specialist Mechanical Services  
S. Gleed – Ceillite Airconditioning Ltd  
A. Gregory – Independent Hygiene Services Ltd  
J. Hodgson – Vaughan Engineering Ltd  
T. Hopkins – Hargreaves Ductwork Ltd  
N. James – Arnold James (St Albans) Ltd  
B. Lane – Roperhurst Ltd  
R. Littleford – Jarvis Heating  
M. McCloskey – Argent FM Ltd  
J. Miller – J.H. Shouksmith & Sons Ltd  
T. Mottram – Pipe Systems Ltd  
J. Norfolk – Imtech Engineering Services Central  
J. Smith – Cool Heat Services Ltd  
A. Tonkin – Crown House Technologies  
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

J. Miller (Chairman)  
B. Bisset  
M. Burton  
P. Fox  
B. Kirton  
B. Lea  
M. McCloskey  
J. Marner  
G. Robinson  
S. Sharp  
A. Sneyd  
M. Taylor  
M. Thomson  
B. Townsend  
G. Vaughan  
R. Pettigrew

### Secretary to the Committee

R. Barraclough (Finance Director)

### Auditors

BDO LLP  
3 Hardman Street  
Manchester  
M3 3AT

# 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
1,322	45	N/A	1	1,368

\*Includes Branches, Parents & Subsidiaries

## 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	B Bisset	A Sneyd	10/07/2014
President Elect	A Sneyd	J Marner	10/07/2014
Vice President	J Marner	M Thomson	10/07/2014
Immediate Past President	S Sharp	B Bisset	10/07/2014

# REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	<b>INCOME</b>			
3,735,898	From Members	Subscriptions, levies, etc		3,637,034
67,902	Investment income	Interest and dividends (gross)	39,261	
		Bank interest (gross)		
88,492		Other – income from related parties	11,319,248	11,358,509
	Other income			
442,830		Insurance commission	505,328	
597,348		Assessment	480,256	
3,343,737		Training Agency	2,805,864	
3,447,344		Welfare and other services	3,879,431	
				7,670,879
11,723,551	<b>TOTAL INCOME</b>			22,666,422
	<b>EXPENDITURE</b>			
	Administrative expenses			
6,578,994		Remuneration and expenses of staff	6,424,815	
849,047		Occupancy costs	928,427	
343,625		Printing, Stationery, Post & Telephone	301,526	
1,634,592		Legal and professional fees	1,390,452	
117,603		Publicity	96,984	
1,445,309		College fees and grants payable	1,119,536	
635,403		Travel and motor expenses	595,007	
11,604,573				10,856,746
	Other charges			
19,941		Bank interest	16,684	
305,036		Depreciation	261,617	
121,195		Affiliation fees	118,434	
205,206		Insurance claims paid	187,911	
66,600		Conference & meeting fees	36,885	
183,379		Expenses	18,703	
(374,000)		Finance cost (FRS17)	(404,000)	
521,200		Actuarial (gain)/loss (FRS17)	3,218,600	
12,020		Bad debt provision	16,715	
(124,334)		Sums written off	79,221	
		Impairment Charge	35,000	
936,243				3,583,770
77,958	Taxation			2,208,968
12,618,774	<b>TOTAL EXPENDITURE</b>			16,649,484
(895,223)	Surplus/Deficit for year			6,016,938
1,842,105	Amount of fund at beginning of year			942,124
946,882	Amount of fund at end of year			6,959,062

# ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

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

<b>ACCOUNT 3</b>		<b>Fund Account</b>	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
		<b>Total Expenditure</b>	
		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)

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

<b>ACCOUNT 5</b>		<b>Fund Account</b>	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
		<b>Total Expenditure</b>	
		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)

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

<b>ACCOUNT 7</b>		<b>Fund Account</b>	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
		<b>Total Expenditure</b>	
		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 2015

(see notes 19 and 20)

Previous Year		£	£
1,877,214	<b>Fixed Assets</b> (as at page 11)		2,055,777
	<b>Investments</b> (as per analysis on page 13)		
559,830	Quoted	55,571	
594,375	Unquoted	9,714,836	
1,154,205	<b>Total Investments</b>		9,770,407
	<b>Other Assets</b>		
3,462,141	Sundry debtors	4,294,496	
5,550,258	Cash at bank and in hand	5,815,575	
189,994	Others – intangible assets	101,523	
9,202,393	<b>Total of other assets</b>		10,211,594
12,233,812	<b>TOTAL ASSETS</b>		22,037,778
(15,897)	Revenue Fund (Account)		
	Fund (Account)		
962,779	Statutory Reserve (Account)		6,959,062
	Revaluation Reserve		
	<b>Liabilities</b>		
	Loans		
11,676	Bank overdraft	137,091	
	Tax payable		
5,969,694	Sundry creditors	6,742,465	
	Accrued expenses		
	Provisions		
5,305,560	Other liabilities – pension liability	8,199,160	
11,286,930	<b>TOTAL LIABILITIES</b>		15,078,716
12,233,812	<b>TOTAL ASSETS</b>		22,037,778



## FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>COST OR VALUATION</b>				
At start of period	1,435,500	462,760	1,949	1,900,214
Additions during period	152,921	257,961	1,000	411,882
Less: Disposals during period				
Less: DEPRECIATION:	(20,670)	(233,697)	(1,952)	(256,318)
<b>BOOK AMOUNT</b> at end of period	1,567,754	487,024	1,000	2,055,777
Freehold				
Leasehold (50 or more years unexpired)	1,567,754			
Leasehold (less than 50 years unexpired)	-			
<b>AS BALANCE SHEET</b>	1,567,754	487,024	1,000	2,055,777

# ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
<b>QUOTED</b>	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities – investment funds	55,571
	<b>TOTAL QUOTED (as Balance Sheet)</b>	<b>55,571</b>
	*Market Value of Quoted Investments	
<b>UNQUOTED</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities Welfare Holdings (H&V) Ltd ESCA Estates Ltd – interest in associates	5,595 9,709,241
	<b>TOTAL QUOTED (as Balance Sheet)</b>	<b>9,714,836</b>
	*Market Value of Unquoted Investments	<b>NOT AVAILABLE</b>

\* 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)

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

# SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	3,637,034		3,637,034
From Investments	11,358,509		11,358,509
Other Income (including increases by revaluation of assets)	7,670,879		7,670,879
<b>Total Income</b>	22,666,422		22,666,422
<b>EXPENDITURE</b> (including decreases by revaluation of assets)	16,649,484		16,649,484
<b>Total Expenditure</b>	16,649,484		16,649,484
<b>Funds at beginning of year</b> (including reserves)	942,124		942,124
<b>Funds at end of year</b> (including reserves)	6,959,062		6,959,062
<b>ASSETS</b>			
Fixed Assets			2,055,777
Investment Assets			9,770,407
Other Assets			10,211,594
		<b>Total Assets</b>	22,037,778
<b>LIABILITIES</b>		<b>Total Liabilities</b>	15,078,716
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			6,959,062

# 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>MARK OAKES</u> Date: <u>24/7/15</u>	Chairman's Signature: <u> FINANCE DIRECTOR</u> (or other official whose position should be stated) Name: <u>RJBARRALLOUGH</u> Date: <u>24/7/15</u>
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## CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	<input type="checkbox"/>	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	<input checked="" type="checkbox"/>	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~~

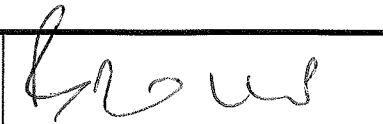
If "No" please explain below.

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)

*See attached financial statements*

# 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:	27/07/15	
Contact name and telephone number:	<del>Julien Rye</del> Philip Storer	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 2015**

# BUILDING & ENGINEERING SERVICES ASSOCIATION

## Annual report and financial statements for the year ended 28 February 2015

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### Page

1	Council and Finance Committee members and auditors
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

## Report of the Finance Committee for the year ended 28 February 2015

The members of the Finance Committee present their annual report and the audited financial statements for the year ended 28 February 2015.

### 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 net reduction in turnover of approximately £259,000 as compared with the previous year. Note 2 provides an analysis which shows that the principal reason is lower turnover from training activities and assessment, offset by increases in other areas. Due to a reduction in Cost of Sales however, there has been a slight improvement in the Gross Surplus and this, coupled with a net reduction in Administrative Expenses, which includes the effects of a positive movement in the revenue element of the FRS17 pension provision of £400,000, and an exceptional VAT-related credit of £211,000, has resulted in an Operating Surplus of £79,997 against a deficit of £426,461 for the previous year.

This figure has been analysed further to separate losses from discontinued activities (assessment) of £197,917 (2014: £85,724) from the net surplus earned elsewhere of £277,914 (2014: deficit £340,737).

Moving on to the items reported below the Operating Deficit, the first is the exceptionally large figure of £11,319,248 described as 'income from interests in associated undertakings'. This is a non-cash item and is almost entirely attributable to the inclusion in the accounts, under equity accounting rules, of the Association's 43% share in the surplus realised by Esca Estates Limited from the sale of Esca House.

Taking all of the above items into account, particularly the exceptional contribution from Esca Estates, the total net Surplus for the year before taxation is £11,443,506 against a deficit of £296,067 for the previous year.

Taxation for the year amounts to £2,208,968, almost all of which is attributable to the Association's share of the tax charge in the accounts of Esca Estates Limited, resulting in a Surplus for the year after taxation of £9,234,538 (2014 Deficit £374,025). This, after deduction of the net actuarial loss of £3,217,600 (2014 £521,200), 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 Surplus for the year to be added to reserves of £6,016,938 as compared with the previous year's reduction of £895,225.

While it is pleasing for the Finance Committee to report results at this level, the inclusion of the Association's share of the profit on the sale of Esca House is of course a distortion, particularly as it is held outside the Group. If this and the opposite and uncontrollable effect of the movement in the capital element of FRS17 are ignored, there would still be a net deficit for the year before tax although this would be lower than the level for the previous year.

It is this element that the Finance Committee concentrates on, and it remains focused on the target of returning the Group to an operational surplus. The programme of activity relating to this target is continuing, and, although due to some issues within certain subsidiary companies, it now only expects to report achievement of this target in the year ending 28 February 2017, the Committee expects to be in a position to report improvements in the operating results in the current year ending 28 February 2016.

# BUILDING & ENGINEERING SERVICES ASSOCIATION

## Report of the Finance Committee for the year ended 28 February 2015 (*Continued*)

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### 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. This risk includes not only the loss of income caused by member losses or reduced member turnover following the recession, but also from a lack of commercial satisfaction for continuing members. The second risk is that the 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.

### 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 relevant accounting provisions of the Companies Act 2006.

### Finance Committee members and their interests

The following changes took place during the year:

B Kirton (Appointed 25 February 2015)  
B Lea (Appointed 20 August 2014)  
R Pettigrew (Resigned 19 January 2015)  
M Taylor (Resigned 28 May 2014)  
M Thomson (Appointed 3 July 2014)

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 2015 (Continued)

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### 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

Following a report from the Audit Committee on the outcome of a review of external audit arrangements, the Finance Committee has agreed that a recommendation should be made to the members at the annual general meeting that Mazars LLP should be appointed as auditors for 2015/16. There are no professional issues or problems underlying this proposed change and the Finance Committee has thanked the partners and staff of BDO for their service as auditors over the past fourteen years.

**By order of the Finance Committee  
on behalf of the Council**



**A J Miller  
Chairman**

Date: 20 May 2015

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

We have audited the financial statements of the Building & Engineering Services Association for the year ended 28 February 2015 which comprise the consolidated profit and loss account, the consolidated balance sheet, the Association's balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses 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 Members of the Council as a body in accordance with the terms of our engagement letter. Our audit work has been undertaken so that we might state to the Members of the Council 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 company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of members and auditors*

As explained more fully in the statement of members' responsibilities, the 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### *Scope of the audit of the financial statements*

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### *Opinion on financial statements*

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent Association's affairs as at 28 February 2015 and of its surplus for the year then ended; and
- have been properly prepared in accordance with UK GAAP.

*BDO LLP*

**BDO LLP**  
Chartered Accountants  
Manchester  
United Kingdom

Date *5 June 2015*

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

## BUILDING & ENGINEERING SERVICES ASSOCIATION

### Consolidated profit and loss account for the year ended 28 February 2015

	Note	2015 £	2014 £
<b>Turnover</b>	2	11,307,913	11,567,157
Cost of sales		(7,508,256)	(7,872,930)
<b>Gross surplus</b>		<u>3,799,657</u>	<u>3,694,227</u>
Administrative expenses		(3,719,660)	(4,120,688)
Operating surplus / (deficit):		<u>                    </u>	<u>                    </u>
Continuing operations		277,914	(340,737)
Discontinued operations		(197,917)	(85,724)
		<u>                    </u>	<u>                    </u>
<b>Total operating surplus / (deficit)</b>		<b>79,997</b>	<b>(426,461)</b>
Income from interests in associated undertakings	5	11,319,248	88,492
Other interest receivable and similar income	6	39,261	67,902
Net finance income – FRS 17	24	5,000	(26,000)
<b>Surplus (deficit) on ordinary activities before taxation</b>	4	<u>11,443,506</u>	<u>(296,067)</u>
Tax on surplus (deficit) on ordinary activities	7	(2,208,968)	(77,958)
<b>Surplus (deficit) for the financial year</b>	17	<u><u>9,234,538</u></u>	<u><u>(374,025)</u></u>

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 2015

	2015 £	2014 £
Surplus/(deficit) for the financial year	9,234,538	(374,025)
Items arising in respect of the application of FRS 17 regarding the defined benefit pension scheme (see note 24):		
Actuarial loss	(4,022,000)	(404,000)
Deferred taxation on actuarial loss	804,400	80,800
Tax rate adjustment on brought forward balance	-	(198,000)
Total recognised surpluses (deficits) recorded in the financial year	<u>6,016,938</u>	<u>(895,225)</u>

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



# BUILDING & ENGINEERING SERVICES ASSOCIATION

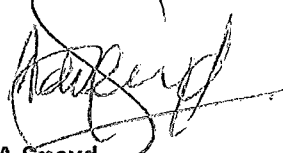
## Consolidated balance sheet at 28 February 2015

	Note	2015	2015	2014	2014
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		101,523		189,994
Tangible assets	10		2,055,777		1,877,214
<b>Investments</b>	11				
At cost		35,595		30,479	
Share of reserves (non-cash asset)		9,679,241		563,896	
		9,714,836		594,375	
			11,872,136		2,661,583
<b>Current assets</b>					
Debtors	12	4,294,496		3,467,295	
Investments	13	55,571		559,830	
Cash at bank and in hand	14	5,815,575		5,550,258	
		10,165,642		9,577,383	
<b>Creditors: amounts falling due within one year</b>	15	6,879,556		5,986,524	
<b>Net current assets</b>			3,286,086		3,590,859
<b>Total assets less current liabilities</b>			15,158,222		6,252,442
Represented by:					
<b>Net pension liability under FRS17</b>	24		8,199,160		5,305,560
<b>Accumulated funds</b>	17		6,959,062		946,882
			15,158,222		6,252,442

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 20 May 2015.



**A J Miller**  
Chairman of the  
Finance Committee



**A Sneyd**  
President

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

# BUILDING & ENGINEERING SERVICES ASSOCIATION

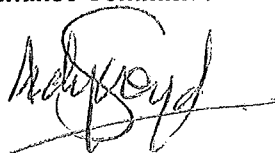
## Association balance sheet at 28 February 2015

	Note	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Tangible assets	10		52,544		58,040
Investments	11		130,000		130,000
			182,544		188,040
<b>Current assets</b>					
Debtors	12	2,525,288		2,551,470	
Cash at bank and in hand	14	277,433		296,543	
			2,802,721	2,848,013	
<b>Creditors: amounts falling due within one year</b>	15	2,041,318		1,907,991	
<b>Net current assets</b>			761,403	940,022	
<b>Total assets less current liabilities</b>			943,947	1,128,062	
Represented by:					
<b>Accumulated funds</b>	17		943,947	1,128,062	

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 20 May 2015.



**A J Miller**  
Chairman of the  
Finance Committee



**A Sneyd**  
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 2015

	Note	2015	2014
		£	£
Net cash (outflow) from operating activities	18	(62,555)	(746,684)
Dividend income from associated undertakings		70,819	36,279
Returns on investments and servicing of finance	21	39,261	67,902
Corporation tax (paid)/received	21	-	6,582
Investing activities	21	(411,882)	(243,289)
Cash (outflow) before use of liquid resources and financing		<u>(364,359)</u>	<u>(879,210)</u>
Management of liquid resources	21	504,259	835,044
Increase (decrease) in cash	19, 20	<u>139,902</u>	<u>(44,166)</u>

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 2015

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### 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 2015 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 2015 (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
Computers and software	25% per annum
Freehold buildings	2% per annum
Motor vehicles	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 2015 (*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:

	<b>2015</b>	<b>2014</b>
	£	£
Subscriptions	3,637,034	3,735,898
Welfare and other services	2,172,377	1,993,577
Training	2,805,864	3,343,737
Insurance	505,328	442,830
Assessment	480,256	597,348
Registration	449,751	456,513
Other income	1,257,303	997,254
	<u>11,307,913</u>	<u>11,567,157</u>

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

The Assessment income included above relates to activities that were discontinued after the year end.

## 3 Employee numbers

The number of employees of the organisation at the year end was as follows:

	<b>2015</b>	<b>2014</b>
	Number	Number
The Association	34	45
Building Engineering Services Training Limited	36	39
Welplan Limited	64	54
Piper Assessment Limited	8	11
	<u>142</u>	<u>149</u>

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (Continued)

4 Deficit on ordinary activities before taxation	2015	2014
This is arrived at after charging/(crediting):	£	£
Rentals under operating leases:		
Hire of equipment	124,328	123,620
Other operating leases	119,361	77,483
Depreciation	256,318	295,464
Amortisation of intangible assets	35,471	34,637
(Profit)/loss on disposal of fixed assets	-	-
Auditors' remuneration - audit services	52,100	57,425
- non audit services	19,370	18,979
Fees paid to other auditors for subsidiary undertakings	4,500	3,900
Non-recurring VAT credit	210,862	163,619
Provision for losses on termination of business and goodwill impairment	55,270	-
	1,169,000	1,169,000
5 Income from interests in associated undertakings	2015	2014
	£	£
Share of profits before taxation of Welfare Holdings (H&V) Limited	15,934	22,331
Share of profits before taxation of other associated undertakings	11,303,314	66,161
	11,319,248	88,492
6 Other interest receivable and similar income	2015	2014
	£	£
Bank interest	36,647	59,985
Income from investment funds	2,614	7,917
	39,261	67,902
7 Tax on deficit on ordinary activities	2015	2014
	£	£
<i>UK current corporation tax</i>		
Corporation tax charge	-	-
Associated undertakings – share of tax charge	2,127,968	15,273
Adjustments to prior years' tax provision	-	(12,115)
Total current corporation tax	2,127,968	3,158
<i>Deferred tax</i>		
Adjustment for taxation on pension liability tax rate	81,000	74,800
Taxation charge on surplus on ordinary activities	2,208,968	77,958

The explanation for a taxation charge arising in the year, is set out below:

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (Continued)

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

	2015 £	2014 £
Surplus/(Deficit) on ordinary activities before tax	11,443,506	(296,065)
Surplus / (deficit) on ordinary activities at the standard rate of corporation tax in the UK of 21.17% (2014 – 23.085%)	2,422,590	(68,347)
Effect of:		
Expenses not deductible for tax purposes	6,722	8,816
Excess of depreciation over capital allowances	14,852	26,982
Adjustment to tax charge in respect of previous periods	-	(12,115)
UK tax at rates less than standard rate	(4,738)	(11,538)
Tax losses for the year not utilised	34,485	134,160
Deferred tax in relation to pension liability tax rate	(81,000)	(74,800)
Differential rate of tax on Associated Companies	(264,943)	-
Current tax charge for year	2,127,968	3,158

### 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 £510,000 (2014 - £1,200,000) the Association's deficit for the financial year amounted to £171,825 (2014 deficit – £263,857).

### 9 Intangible fixed assets

The Group	Goodwill £	Development costs £	Total £
<i>Cost</i>			
At 1 March 2014	50,000	212,851	262,851
Reclassification to tangible fixed assets (see note 10)	-	(23,000)	(23,000)
Additions	-	-	-
At 28 February 2015	50,000	189,851	239,851
<i>Accumulated depreciation</i>			
At 1 March 2014	15,000	57,857	72,857
Charge for the year	5,000	30,471	35,471
Impairment charge	30,000	-	30,000
At 28 February 2015	50,000	88,328	138,328
<i>Net book value</i>			
At 28 February 2015	-	101,523	101,523
At 28 February 2014	35,000	154,994	189,994



## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (Continued)

10 Tangible fixed assets			Equipment furniture & fittings	
The Group	Freehold buildings £	Motor vehicles £	£	Total £
<i>Cost</i>				
At 1 March 2014	1,596,843	107,587	3,151,667	4,856,097
Reclassification	-	-	23,000	23,000
Additions	152,921	1,000	257,961	411,882
Disposals	-	(24,443)	(132,688)	(157,131)
At 28 February 2015	<u>1,749,766</u>	<u>84,144</u>	<u>3,299,351</u>	<u>5,133,261</u>
<i>Accumulated depreciation</i>				
At 1 March 2014	161,343	105,638	2,711,318	2,978,296
Charge for the year	20,670	1,952	233,697	256,318
Disposals	-	(24,443)	(132,688)	(157,131)
At 28 February 2015	<u>182,012</u>	<u>83,144</u>	<u>2,812,327</u>	<u>3,077,484</u>
<i>Net book value</i>				
At 28 February 2015	<u>1,567,754</u>	<u>1,000</u>	<u>487,024</u>	<u>2,055,777</u>
At 28 February 2014	<u>1,435,500</u>	<u>1,949</u>	<u>462,760</u>	<u>1,900,214</u>
<b>The Association</b>				
		Motor vehicles £	Equipment furniture & fittings £	Total £
<i>Cost</i>				
At 1 March 2014		67,177	835,253	902,430
Additions		-	9,682	9,682
Disposals		(24,443)	-	(24,443)
At 28 February 2015		<u>42,734</u>	<u>844,935</u>	<u>887,669</u>
<i>Accumulated amortisation</i>				
At 1 March 2014		65,226	779,164	844,390
Charge for the year		1,952	13,227	15,179
Disposals		(24,443)	-	(24,443)
At 28 February 2015		<u>42,734</u>	<u>792,391</u>	<u>835,125</u>
<i>Net book value</i>				
At 28 February 2015		<u>-</u>	<u>52,544</u>	<u>52,544</u>
At 28 February 2014		<u>1,951</u>	<u>56,089</u>	<u>58,040</u>

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (Continued)

### 11 Fixed asset investments

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Shares in subsidiary undertakings	-	100,000	-	100,000
Interests in associated undertakings	9,714,836	30,000	594,375	30,000
	<u>9,714,836</u>	<u>130,000</u>	<u>594,375</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		
Group's share of undistributed post acquisition profits:		30,036
Balance at 1 March 2014	564,339	
Movement for the year	<u>9,120,461</u>	
		<u>9,684,800</u>
Balance at 28 February 2015		<u><u>9,714,836</u></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 2015	see (a) below
ESCA Estates Limited	<u>43</u>	<u>43</u>	30 Nov 2014	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 2015 (Continued)

### 11 Fixed asset investments (continued)

#### (b) ESCA Estates Limited

The principal activity of this company was to own, and is now to lease and manage the building in which the Association's London headquarters is located.

### 12 Debtors

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Trade debtors	2,135,076	62,389	2,530,815	10,986
Amounts owed by subsidiary undertakings	-	2,228,359	-	2,126,836
Amounts owed by associated undertakings	181,652	50,623	140,145	53,632
Amounts owed by related undertakings	271,556	64	276,855	24,011
Other debtors	1,147,045	6,638	72,309	10,703
Prepayments and accrued income	559,167	177,215	447,171	325,302
	<u>4,294,496</u>	<u>2,525,288</u>	<u>3,467,295</u>	<u>2,551,470</u>

All amounts are due within one year.

### 13 Current asset investments

The Group	2015 £	2014 £
Investment funds at market value	55,571	559,830
	<u>55,571</u>	<u>559,830</u>

### 14 Cash at bank and in hand

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Unrestricted cash funds	5,719,989	277,433	5,490,545	296,543
Holiday pay scheme funds	95,586	-	59,713	-
	<u>5,815,575</u>	<u>277,433</u>	<u>5,550,258</u>	<u>296,543</u>

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

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (Continued)

### 15 Creditors

#### Amounts falling due within one year

	2015 Group £	2015 Association £	2014 Group £	2014 Association £
Bank overdraft	137,091	-	11,676	-
Trade creditors	2,411,246	312,792	2,263,615	294,529
Holiday pay scheme liability	95,586	-	59,713	-
Amounts owed to subsidiary undertakings	-	1,129,622	-	882,766
Amounts owed to associated undertakings	358,595	-	271,571	-
Amounts owed to related undertaking	849,629	-	433,633	-
Taxation and social security	328,422	132,543	274,476	93,523
Other creditors	379,146	-	555,969	-
Accruals and deferred income	2,319,838	466,361	2,115,871	637,173
Corporation tax payable	-	-	-	-
	<u>6,879,553</u>	<u>2,041,318</u>	<u>5,986,524</u>	<u>1,907,991</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 2015 £	Provided 2014 £	Not provided 2015 £	Not provided 2014 £
Timing differences on capital allowances	-	-	70,154	116,880
Tax losses not utilised	-	-	(1,024,137)	(995,502)
	<u>-</u>	<u>-</u>	<u>(935,983)</u>	<u>(878,622)</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 2015 (Continued)

### 17 Reconciliation of movements in accumulated funds

	General fund £	Statutory reserve £	Total £
<b>The Group</b>			
Balance at 1 March 2014	573,637	368,487	942,124
Surplus for the year	9,234,538	-	9,234,538
Items taken directly to reserves in respect of the application of FRS 17 regarding the defined benefit pension scheme (see Note 24):			
Actuarial loss	(4,022,000)	-	(4,022,000)
Deferred taxation on actuarial loss	804,400	-	804,400
Tax rate adjustment on brought forward balance	-	-	-
Balance at 28 February 2015	<u>6,590,575</u>	<u>368,487</u>	<u>6,959,062</u>
<b>The Association</b>			
Balance at 1 March 2014	1,128,062	-	1,128,062
Surplus for the year	(184,115)	-	(184,115)
Balance at 28 February 2015	<u>943,947</u>	<u>-</u>	<u>943,947</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 surplus / (deficit) to net cash inflow from operating activities

	2015 £	2014 £
Operating surplus / (deficit)	79,997	(426,461)
Depreciation	256,318	295,464
Amortisation	65,471	34,637
Increase / (decrease) in debtors	(832,355)	1,396,979
(Increase)/decrease in creditors	768,014	(1,647,303)
Movement in market values of investment funds	-	-
Difference between pension charge and cash contributions	(400,000)	(400,000)
(Profit)/loss on disposal of fixed assets	-	-
Net cash (outflow) from operating activities	<u>(62,555)</u>	<u>(1,170,746)</u>

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (Continued)

19 Reconciliation of net cash flow to movement in net funds	2015 £	2014 £		
Change in net funds resulting from cash flows:				
Increase/(decrease) in cash in the year	139,902	(44,166)		
Cash flow from movement in current asset investments	(504,259)	(835,044)		
Movement in net funds resulting from cash flows	(364,357)	(879,210)		
Movement in market values of investment funds	-	-		
Opening net funds	6,098,412	6,977,622		
Closing net funds	5,734,055	6,098,412		
<b>20 Analysis of net funds</b>				
	<b>At 1 March 2014 £</b>	<b>Cash flow £</b>	<b>Other non- cash changes £</b>	<b>At 28 February 2015 £</b>
Cash at bank and in hand	5,550,258	265,317	-	5,815,575
Overdraft	(11,676)	(125,415)	-	(137,091)
	5,538,582	139,902	-	5,678,484
Current asset investments	559,830	(504,259)	-	55,571
	6,098,412	(364,357)	-	5,734,055
<b>21 Notes to cash flow statement</b>				
		<b>2015 £</b>		<b>2014 £</b>
<b>Returns on investment and servicing of finance</b>				
Interest and investment income received		39,261		67,902
		-		6,582
<b>Taxation</b>				
UK corporation tax paid		-		6,582
		-		486
<b>Investing activities</b>				
Purchase of tangible fixed assets (net of disposals)		(411,882)		(180,775)
Purchase of intangible fixed assets		-		(63,000)
Sale of tangible fixed assets		-		486
		(411,882)		(243,289)
<b>Management of liquid resources</b>				
Sale of current asset investments		504,259		835,044

## BUILDING & ENGINEERING SERVICES ASSOCIATION

### Notes forming part of the financial statements for the year ended 28 February 2015 (Continued)

#### 22 Capital commitments

At 28 February 2015 capital commitments contracted for but not provided in the Group were £nil (2014 - £nil) and in the Association £nil (2014 - £nil).

#### 23 Operating lease commitments

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

	2015	2015	2014	2014
	Land and	Other	Land and	Other
	Buildings		Buildings	
	£	£	£	£
Leases which expire:				
Within one year	-	119,361	-	131,833
Between two to five years	124,328	112,429	123,620	115,573
After five years	-	4,740	-	-
	<u>124,328</u>	<u>236,530</u>	<u>123,620</u>	<u>247,406</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 53. The number of pensioner members on 28 February 2015 was 65.

The assets of the scheme, which amounted to £13.671m at 28 February 2015 (2014 - £13.178m) 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 was prepared as at 28 February 2015. 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 2018.

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.

Excluding the £400,000 noted above, the total employer contributions for the year, including life assurance and other costs, amounted to £187,572 (2014 - £399,996). The Group expects to contribute £423,000 to the scheme during the year to 28 February 2015.

In accordance with FRS 17, the Group discloses the current deficit in the defined benefit scheme of £10,250,000 (2014 - £6,633,000) 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 2015 *(Continued)*

### 24 Pension schemes *(continued)*

#### *Reconciliation of present value of plan liabilities*

	2015 £'000	2014 £'000
At beginning of year	(19,811)	(19,240)
Current service cost	-	-
Contribution by scheme participants	-	-
Interest cost	(898)	(889)
Benefits paid	597	652
Actuarial loss on defined benefit obligation	(3,809)	(334)
Curtailment	-	-
	(23,921)	(19,811)
	(23,921)	(19,811)

#### *Composition of plan liabilities*

	2015 £'000	2014 £'000
Schemes wholly or partly funded	(23,921)	(19,811)
	(23,921)	(19,811)

#### *Reconciliation of fair value of plan assets*

	2015 £'000	2014 £'000
At beginning of year	13,178	12,637
Expected return on assets	903	863
Association contributions	400	400
Contribution by scheme participants	-	-
Benefits paid	(597)	(652)
Actuarial (loss)/gain on assets	(213)	(70)
	13,671	13,178
	13,671	13,178

#### *Reconciliation to balance sheet*

	2015 £'000	2014 £'000
Present value of funded obligations	(23,921)	(19,811)
Fair value of plan assets	13,671	13,178
	(10,250)	(6,633)
Plan deficit	(10,250)	(6,633)
Related deferred tax asset	2,050	1,327
	(8,200)	(5,306)
Net liability	(8,200)	(5,306)



## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 *(Continued)*

### 24 Pension schemes *(continued)*

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Included in administrative expenses:</i>		
Current service cost	-	-
	<u>          </u>	<u>          </u>

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

Expected return - pension scheme assets	903	863
Interest on pension scheme liabilities	(898)	(889)
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	(5)	(26)
	<u>          </u>	<u>          </u>

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme asset	(213)	(70)
Changes in assumptions underlying the present value of the scheme liabilities	(3,809)	(334)
	<u>          </u>	<u>          </u>
Actuarial losses recognised in statement of total recognised gains and losses	(4,022)	(404)
	<u>          </u>	<u>          </u>

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Cumulative amount of losses recognised in the statement of total recognised gains and losses</i>	<u>          </u>	<u>          </u>
	(11,507)	(7,485)
	<u>          </u>	<u>          </u>

### *Composition of plan assets*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Target return	13,506	13,007
Individual policies	93	87
Other assets	72	84
	<u>          </u>	<u>          </u>
Total	13,671	12,637
	<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.

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Actual return on plan assets</i>	<u>          </u>	<u>          </u>
	690	790
	<u>          </u>	<u>          </u>

## BUILDING & ENGINEERING SERVICES ASSOCIATION

### Notes forming part of the financial statements for the year ended 28 February 2015 *(Continued)*

#### 24 Pension schemes *(continued)*

The major assumptions used by the actuary in preparing the valuation for FRS 17 purposes were:

	2015	2014
Discount rates	3.50%	4.60%
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%	0.00%
Deferred pension revaluation	2.80%	3.10%
Future pension increases	2.80%	3.10%
Inflation assumption	2.80%	3.10%

#### *Five year analysis*

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligation	(23,921)	(19,811)	(19,240)	(16,215)	(15,247)
Scheme assets	13,671	13,178	12,637	11,830	11,967
Overall gross deficit	(10,250)	(6,633)	(6,603)	(4,385)	(3,280)
Experience gains and losses on scheme liabilities	(84)	-	(352)	-	-
Changes in assumptions used to value Scheme liabilities	(3,725)	(334)	(1,833)	(603)	(479)
Experience gains and losses on scheme assets	(213)	(70)	(174)	(817)	208

#### *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 2015 were £264,644 (2014 - £257,436).

#### *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 £473,142 in the current year (2014 - £335,739).

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 *(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	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%*
ECl Holiday Pay Limited	England	Operation of holiday pay schemes	100%*
ECl Holiday Pay Investments Limited	England	Investment of holiday pay funds	100%*
B&ES Publications Limited	England	Publications	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 2015 (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:

<b>The Group</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Amounts included in turnover:		
Administration fees	945,947	889,232
Amounts included in administration expenses:		
Rent	63,000	63,000
Net income from interests in associated companies	11,319,248	88,492
Amounts included in debtors	44,072	134,990
Amounts included in creditors	212,222	271,571
	<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:

<b>The Group</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Amounts included in administrative costs:		
Subscriptions payable (net)	-	22,083
Amounts included in turnover:		
Administration fees	120,000	70,000
Amounts included in debtors	439,641	276,855
	<u>                    </u>	<u>                    </u>

## BUILDING & ENGINEERING SERVICES ASSOCIATION

Notes forming part of the financial statements  
for the year ended 28 February 2015 (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	2015 £	2015 £	2014 £	2014 £
Amounts included in turnover:				
Administration fees	871,333		779,418	
Insurance premiums	505,328		442,830	
	<u>                    </u>	1,376,661	<u>                    </u>	1,222,248
		<u>                    </u>		<u>                    </u>
Amounts included in debtors		44,091		276,855
		<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:

	2015 £	2014 £
Amounts included in turnover:		
Subscriptions	368,082	374,753
	<u>                    </u>	<u>                    </u>