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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:

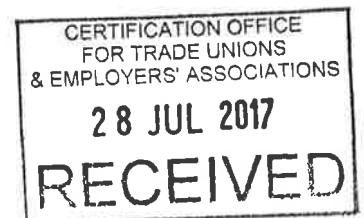
e-mail:

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



BUILDING ENGINEERING SERVICES ASSOCIATION

Annual Report and Financial Statements

For the year ended 28 February 2017

COUNCIL AND FINANCE COMMITTEE MEMBERS AND AUDITORS

Members of the Council who have served during the year

M Thomson – Enigma Environmental Services (**President**)
T Hopkinson – E Poppleton & Son Ltd
G Borgese – Bouygues E&S FM UK Ltd
J Marner – Interserve
A Sneyd – Portakabin
D Bailey – Brothwell Irvine Ltd
B Bisset – Galloway Group Ltd
A Blunsdon – Priddy Engineering Services Ltd
S Bradshaw – Shepherd Engineering Services
A Brewer – ENGIE FM Ltd
R Briggs – Maurice Flynn & Sons Ltd
T Brunt – Briggs & 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
M Coote – Gatwick Park Mechanical Services
G Fox – Specialist Mechanical Services
N Freeman – Carter Synergy Ltd
S Gleed – Ceilite Airconditioning Ltd
A Gregory – Independent Hygiene Services Ltd
J Hodgson – Vaughan Engineering Ltd
N James – Arnold James (St Albans) Ltd
J Kilgannon – TRS Ltd
B Lane – Roperhurst Ltd
R Littleford – Jarvis Heating
J Miller
T Mottram – Pipe Systems Ltd
J Norfolk – Imtech Engineering Services Central
J Robinson – Mansfield Pollard & Co Ltd
D Sibbald
J Smith – Cool Heat Services Ltd
A Tonkin – Crown House Technologies
B Wilgar – AC Wilgar Ltd
A Williams – Cool Solution Refrigeration Ltd

Members of the Finance Committee who have served during the year

J Miller (**Chairman**)
G Borgese
M Burton
P Fox
T Hopkinson
B Lea
J Marner
G Robinson
S Sharp
A Sneyd
M Thomson (**President**)
P McLaughlin (**Chief Executive**)
R Barraclough (**Finance Director**)
B Kirton

Secretary to the Committee

S Hardy (**Deputy Finance Director**)

Independent Auditor

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

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
1,199	40		1	1,240

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.

Officers in post as per table below

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	Jim Marner	Malcolm Thomson	07/07/2016
President Elect	Malcolm Thomson	Tim Hopkinson	07/07/2016
Vice President	Tim Hopkinson	Giuseppe Borgese	07/07/2016
Immediate Past President	Andy Sneyd	Jim Marner	07/07/2016

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
3,747,020	From Members	Subscriptions, levies, etc		3,723,710
34,526	Investment income	Interest and dividends (gross)	23,249	
-		Bank interest (gross)	-	
43,012		Income from related parties	572,637	595,886
				4,319,596
16,305	Other income	Rents received	46,349	
398,392		Insurance commission	439,959	
33,866		Assessment	-	
2,005,944		Training Agency	789,948	
4,108,938		Welfare and other services	4,288,181	
87,510		Gain arising on FV of investment	15,000	
				5,579,437
10,475,513		TOTAL INCOME		9,899,033
	EXPENDITURE			
	Administrative expenses			
6,061,202		Remuneration and expenses of staff	5,787,471	
581,795		Occupancy costs	713,462	
408,374		Printing, Stationery, Post & Telephone	458,742	
1,668,799		Legal and Professional fees	1,343,979	
178,374		Publicity	252,520	
823,150		College fees and grants payable	476,703	
424,349		Travel and motor expenses	487,445	9,520,322
17,765	Other charges	Bank charges	23,280	
248,079		Depreciation	314,983	
117,527		Affiliation fees	199,273	
97,015		Insurance claims paid	54,400	
101,018		Conference and meeting fees	53,872	
368,484		Expenses	75,415	
351,000		Finance cost	333,239	
(1,341,000)		Actuarial (gain)/loss	4,851,000	
119,694		Bad debt provision	75,719	
(8,100)		Profit on sale of fixed assets	(5,500)	5,975,681
474,796	Taxation charge/(Credit)		(570,232)	(570,232)
10,692,321		TOTAL EXPENDITURE		14,925,771
(216,808)		Deficit for year		(5,026,738)
6,597,063	X	Amount of fund at beginning of year		6,380,255
6,380,255	X	Amount of fund at end of year		1,353,517
	Prior year was restated, please refer to attached financial statements			

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 2017

(see notes 19 and 20)

Previous Year		£		£
	Fixed Assets (as at page 11)			
1,225,751	Tangible Assets	1,188,477		
594,521	Intangible Assets	959,004		
810,943	Investment Property	825,943		2,973,424
	Investments (as per analysis on page 13)			
-	Quoted	-		
9,551,162	Unquoted	7,925,351		
	Total Investments			7,925,351
	Other Assets			
3,788,451	Sundry debtors	5,016,319		
3,186,102	Cash at bank and in hand	3,935,639		
-	Stocks of goods	-		
	Total of other assets			8,951,958
19,156,930			TOTAL ASSETS	19,850,733
			Fund (Account)	
			Fund (Account)	
6,380,255	X		Statutory Reserve	1,353,517
			Revaluation Reserve	
	Liabilities			
	Loans		-	
34,392	Bank overdraft	159,037		
260,904	Tax payable	367,240		
1,803,657	Sundry creditors	2,308,468		
1,824,970	X	2,345,044		
15,752	Provisions – Deferred Tax	17,427		
8,837,000	Other liabilities – Pension Liability	13,300,000		
12,776,675			TOTAL LIABILITIES	18,497,216
19,156,930			TOTAL ASSETS	19,850,733

X Prior year was restated, please refer to attached financial statements

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	982,377	220,681	22,693	1,225,751
Additions during period	7,609	75,402	-	83,011
Less: Disposals during period	-	(440,276)	(42,734)	(483,010)
Less: DEPRECIATION:				
Charge for the year	(16,056)	(96,863)	(7,366)	(120,285)
Depreciation on Disposals	-	440,276	42,734	483,010
Total to end of period	(16,056)	343,413	35,368	362,725
BOOK AMOUNT at end of period	973,930	199,220	15,327	1,188,477
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET	973,930	199,220	15,327	1,188,477

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	Equity Accounted	
	Welfare Holdings (H&V) Ltd	36,248
	ESCA Estates Ltd – Interest in Associate	7,889,103
TOTAL QUOTED (as Balance Sheet)	7,925,351	
*Market Value of Unquoted Investments	Not Available	

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

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES <input checked="" type="checkbox"/>	NO
If YES name the relevant companies:			
COMPANY NAME B&ESA Ltd	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) 0852809		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES	NO <input checked="" type="checkbox"/>
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME NA	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO <input checked="" type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME B&ESA Ltd	NAMES OF SHAREHOLDERS Trevor Brunt Alan Gregory Martin Burton		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	3,723,710	-	3,723,710
From Investments	595,886	-	595,886
Other Income (including increases by revaluation of assets)	5,579,437	-	5,579,437
Total Income	9,899,033	-	9,899,033
EXPENDITURE (including decreases by revaluation of assets)	14,925,771	-	14,925,771
Total Expenditure	14,925,771	-	14,925,771
Funds at beginning of year (including reserves)	6,380,255		6,380,255
Funds at end of year (including reserves)	1,353,517		1,353,517
ASSETS			
Fixed Assets			2,973,424
Investment Assets			7,925,351
Other Assets			8,951,958
		Total Assets	19,850,733
LIABILITIES		Total Liabilities	18,497,216
NET ASSETS (Total Assets less Total Liabilities)			1,353,517

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 attached financial statements

ACCOUNTING POLICIES

(see notes 37 and 38)

Refer to attached financial statements

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's
Signature: _____



Name: Mark Oakes

Date: 25/07/2017

Chairman's
Signature: _____



(or other official whose position should be stated)

Name: Skye Hardy (Deputy Finance Director)

Date: 25/07/2017

CHECK LIST

(see note 41)

(please tick as appropriate)

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

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

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)

Please refer to the attached Financial Statements for audit report issued


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)

Please refer to the attached Financial Statements for audit report issued

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)

Please refer to the attached Financial Statements for audit report issued

AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:		
Name(s):	<i>for and on behalf of</i> Mazars LLP	
Profession(s) or Calling(s):	Chartered Accountants and Statutory Auditor	
Address(es):	One St Peter's Square Manchester M2 3DE	
Date:	26/7/17	
Contact name and telephone number:	Timothy Hudson 0161 238 9229	

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
For the year ended 28 February 2017**

BUILDING ENGINEERING SERVICES ASSOCIATION
Annual Report and Financial Statements
For the year ended 28 February 2017

CONTENTS

Council and Finance Committee Members and Auditors	1
Report of the Finance Committee	2-4
Report of the Independent Auditors	5
Consolidated Statement of Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Reserves	8
Association Statement of Comprehensive Income and Changes in Reserves	9
Association Balance Sheet	10
Consolidated Cash Flow Statement	11
Notes to the Financial Statements	12-34

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Finance Committee

For the year ended 28 February 2017

The members of the Finance Committee present their annual report and the audited financial statements for the Building Engineering Services Association for the year ended 28 February 2017.

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 operation of competent persons schemes and property ownership.

Financial Reporting Standards

Although the Association is unincorporated, and therefore not governed by the Companies Act, the Finance Committee has maintained a policy that the Association's financial statements will be produced not only in accordance with current United Kingdom Accounting Standards but, to the extent practicable, also with relevant accounting provisions of the Companies Act 2006.

Review of the Business of the Group

In its report for the previous year ended 29 February 2016, the Finance Committee stated that, after careful review, and although generally satisfied with the level of progress to that date, it had recognised that the then recent management and structural changes would take longer to impact on the bottom line than previously anticipated. It expected however that there would be an improvement in the level of Operating Deficit in the year ending 28 February 2017 and a return to surplus in the year ending 28 February 2018.

Regrettably, principally due to the impact of ongoing funding difficulties encountered by the Association's training arm, the Operating Deficit has increased from £897,060 in 2015/16 to £1,023,617 in 2016/17. This has however been offset by improvements in the Group's share of the net profits of the Group's associated undertakings, particularly Esca Estates Limited, with the result that the net Deficit on Ordinary Activities Before Taxation has reduced from £1,083,012 million in 2015/16 to £745,970 in 2016/17.

This is not the final reported position however because of the hugely distorting impact of the accounting standard that requires the financial statements of the Group and Association to reflect each year adjustments based on the "re-measurement" of a provision for the liability in respect of the final salary pension scheme. The fact that the total re-measurement adjustment this year, after deferred tax allowance, resulted in an addition of £4.115 million to the Deficit on Ordinary Activities before Taxation, as compared with a positive figure in the previous year of £895,000, highlights the volatility in the underlying factors which the accounting standard requires to be taken into account. It is important however to recognise that this, and the resultant figures that have to be disclosed in the Group and Association Balance Sheets, are distinct and separate from the three yearly assessment of the actuarial position of the Scheme that is used to agree the contributions to the Scheme going forward.

Turning to the future, the operating position of the Group is showing improvement as the problems are dealt with and new areas of business are developed. Allowing for timing differences, the Finance Committee accepts however that it cannot reasonably predict an operating result for 2017/18 that is significantly different from break-even. That said, it does expect that the underlying improvements in business being seen across the Group will lead to meaningful surplus in 2018/19 and beyond.

Events after the end of the Reporting Period

There have been no events since the balance sheet date that materially affect the position of the Group and Association.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Finance Committee

For the year ended 28 February 2017

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 reduction in subscription income. This risk is not only linked to potential member losses or reduced member turnover but also a lack of commercial attraction for new and continuing members. The second risk is that the subsidiary companies, operating in their various business areas, some of which are particularly vulnerable to changes in Government policy, will not return to the position where they 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.

Finance Committee members and their interests

The following changes to the Finance Committee membership occurred during the year:-

A Sneyd (Resigned 7 July 2016)

G Borgese (Appointed 7 July 2016)

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.

Research and Development

Group companies are continuously carrying out research in connection with the development of new services and products and the improvement of those currently provided. Development costs are internally generated software development costs of £437,606 (2016 - £195,643) and externally acquired intellectual property of £121,575 (2016 - £67,848).

Statement of Council Responsibilities

The Constitution of the Association requires the Council to "arrange for an annual statement of accounts to be drawn up". The Council accepts that it is therefore responsible for the preparation of 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 order that these financial statements will comply with United Kingdom Generally Accepted Accounting Practice, the Council is therefore required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; 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.

The Council is also required by the Constitution to ensure that proper accounting records are kept 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.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Finance Committee

For the year ended 28 February 2017

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 auditor for the purposes of the audit and to establish that the auditor is aware of that information. The members of the Finance Committee are not aware of any relevant audit information of which the auditor is unaware.

Auditors

Mazars 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**



**A J Miller
Chairman**

Date: 7 June 2017

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Independent Auditors

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

We have audited the financial statements of the Building Engineering Services Association for the year ended 28 February 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Reserves, the Association Statement of Comprehensive Income, the Association Statement of Changes in Reserves, the Association Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective Responsibilities of the Council and Auditor

As explained more fully in the Council's Responsibilities Statement set out on page 3 & 4, the Council is 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 Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the members of the Association as a body in accordance with the constitution, rules and byelaws of the Association. Our 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 Association's members as a body for our audit work, for this report, or for the opinion we have formed.

Scope of the Audit of the Financial Statements

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

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association and Group's affairs as at 28 February 2017 and of the surplus and deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".



Timothy Hudson (Senior statutory auditor)
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

One St Peter's Square
Manchester
M2 3DE

Date: 13 June 2017

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Statement of Comprehensive Income
For the year ended 28 February 2017

	Note	2017 £	Restated 2016 £
Turnover	2	9,288,147	10,310,465
Cost of sales		(4,652,005)	(5,859,264)
Gross surplus		4,636,142	4,451,201
Administrative expenses		(5,659,759)	(5,348,261)
Operating deficit	5	(1,023,617)	(897,060)
Gain arising on fair value of investment property	11	15,000	87,510
Income from interests in associated undertakings	6	572,637	43,012
Other interest receivable and similar income	7	23,249	34,526
Interest payable and similar charges		(333,239)	(351,000)
Deficit on ordinary activities before taxation		(745,970)	(1,083,012)
Tax charge on deficit on ordinary activities	8	(166,068)	(28,416)
Deficit on ordinary activities after taxation		(912,038)	(1,111,428)
Other comprehensive income			
Re-measurement in respect of the defined benefit scheme	21	(4,851,000)	1,341,000
Movements in related deferred tax provision	18	736,300	(446,380)
Total other comprehensive income		(4,114,700)	894,620
Total comprehensive income for the year		(5,026,738)	(216,808)

The notes on pages 12 to 34 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Balance Sheet as at 28 February 2017

	Note	2017		Restated 2016	
		£	£	£	£
Assets					
Fixed Assets					
Intangible assets	9		959,004		594,521
Tangible assets	10		1,188,477		1,225,751
Investment property	11		825,943		810,943
Fixed asset investments	12		7,925,351		9,551,162
			<u>10,898,775</u>		<u>12,182,377</u>
Current Assets					
Debtors: amounts falling due within one year	13	2,455,324		1,897,791	
Debtors: amounts falling due after more than one year	14	2,560,995		1,890,660	
Cash at bank and in hand	15	3,935,639		3,186,102	
			<u>8,951,958</u>		<u>6,974,553</u>
Total assets			<u>19,850,733</u>		<u>19,156,930</u>
Liabilities and equity					
Reserves					
Accumulated funds	19	985,030		6,011,768	
Statutory reserves	19	368,487		368,487	
			<u>1,353,517</u>		<u>6,380,255</u>
Provisions for liabilities					
Pension scheme liability	21	13,300,000		8,837,000	
Deferred taxation	18	17,427		15,752	
			<u>13,317,427</u>		<u>8,852,752</u>
Current liabilities					
Creditors: amounts falling due within one year	16	5,157,289		3,901,423	
Creditors: amounts falling due after more than one year	17	22,500		22,500	
			<u>5,179,789</u>		<u>3,923,923</u>
Total liabilities and equity			<u>19,850,733</u>		<u>19,156,930</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 7 June 2017.


A J Miller
 Chairman of the Finance Committee


P McLaughlin
 Chief Executive

The notes on pages 12 to 34 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Statement of Changes in Reserves
For the year ended 28 February 2017

	Note	Accumulated Funds £	Statutory Reserves £	Total £
At 1 March 2015 (as previously stated)		6,335,393	368,487	6,703,880
Prior year adjustment	27	(106,817)	-	(106,817)
At 1 March 2015 (restated)		6,228,576	368,487	6,597,063
Deficit on ordinary activities		(1,111,428)	-	(1,111,428)
Other comprehensive income		894,620	-	894,620
Total comprehensive income		(216,808)	-	(216,808)
At 29 February 2016 (restated)		6,011,768	368,487	6,380,255
Deficit on ordinary activities		(912,038)	-	(912,038)
Other comprehensive income		(4,114,700)	-	(4,114,700)
Total comprehensive income		(5,026,738)	-	(5,026,738)
At 28 February 2017		985,030	368,487	1,353,517

The notes on pages 12 to 34 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Association Statement of Comprehensive Income

For the year ended 28 February 2017

	Note	2017 £	2016 £
Turnover	2	3,823,710	3,747,020
Cost of sales		(2,719,375)	(2,612,562)
Gross surplus		1,104,335	1,134,458
Administrative expenses		(1,836,196)	(2,042,038)
Other operating income	21	188,894	149,980
Operating deficit		(542,967)	(757,600)
Dividends from subsidiary undertaking	24	700,000	700,000
Dividends from associated undertaking	12	2,100,000	210,000
Fair value adjustment on investments in associated undertaking	12	(1,634,707)	(185,432)
Interest payable and similar charges	21	(331,000)	(351,000)
Surplus / (Deficit) on ordinary activities before taxation		291,326	(384,032)
Tax charge on surplus / (deficit) on ordinary activities	8	(60,318)	(12,664)
Surplus / (Deficit) on ordinary activities after taxation		231,008	(396,696)
Other comprehensive income			
Re-measurement in respect of the defined benefit scheme	21	(4,851,000)	1,341,000
Movements in related deferred tax provision	18	736,300	(446,380)
Total other comprehensive income		(4,114,700)	894,620
Total comprehensive income for the year		(3,883,692)	497,924

Association Statement of Changes in Reserves

For the year ended 28 February 2017

	2017 £	2016 £
At 1 March	2,899,121	2,401,197
Deficit on ordinary activities	231,008	(396,696)
Other comprehensive income	(4,114,700)	894,620
Total comprehensive income	(3,883,692)	497,924
At 28 / 29 February	(984,571)	2,899,121

The notes on pages 12 to 34 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Association Balance Sheet as at 28 February 2017

	Note	2017		2016	
		£	£	£	£
Assets					
Fixed Assets					
Tangible assets	10		155,390		35,303
Investments in subsidiary undertakings	12		100,000		100,000
Investments in associate undertakings	12		7,889,103		9,523,810
			8,144,493		9,659,113
Current Assets					
Debtors: amounts falling due within one year	13	3,591,839		2,588,764	
Debtors: amounts falling due after more than one year	14	2,560,995		1,890,660	
Cash at bank and in hand	15	1,250		23,859	
			6,154,084		4,503,283
Total assets			14,298,577		14,162,396
Liabilities and equity					
Reserves					
Accumulated funds	19		(984,571)		2,899,121
Provisions for liabilities					
Pension scheme liability	21		13,300,000		8,837,000
Current liabilities					
Creditors: amounts falling due within one year	16		1,983,148		2,426,275
Total liabilities and equity			14,298,577		14,162,396

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 7 June 2017.



A J Miller
Chairman of the Finance Committee



P McLaughlin
Chief Executive

The notes on pages 12 to 34 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Cash Flow Statement
For the year ended 28 February 2017

	Note	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Deficit on ordinary activities before taxation		(745,970)		(1,083,012)	
Adjustments for:					
Depreciation of tangible fixed assets		120,285		154,742	
Amortisation of intangible fixed assets		194,698		93,340	
Fair value gain on investment property		(15,000)		(87,510)	
Income from investment in associates		(572,637)		(43,012)	
Cash outflow from pension contributions		(719,000)		(422,690)	
Operating cash flow before movement in working capital		(1,737,624)		(1,388,142)	
(Increase) / decrease in debtors	13	(557,533)		2,396,705	
Increase / (decrease) in creditors	16	1,131,226		(3,247,577)	
Interest received		(23,249)		(34,526)	
Interest payable		333,239		351,000	
Taxation received		15		3,689	
Net cash outflow from operating activities			(853,926)		(1,918,851)
Cash flows from investing activities					
Payments to acquire tangible assets		(83,011)		(277,929)	
Payments to acquire intangible assets		(559,181)		(330,091)	
Dividends received from associates		2,100,000		210,000	
Proceeds from sale of investments		-		55,571	
Net cash inflow / (outflow) from investing activities			1,457,808		(342,449)
Cash flows from financing activities					
Interest received		23,249		34,526	
Interest paid		(2,239)		-	
Net cash inflow from financing activities			21,010		34,526
Net increase / (decrease) in cash and cash equivalents			624,892		(2,226,774)
Cash and cash equivalents at the start of the year			3,151,710		5,378,484
Cash and cash equivalents at the end of the year			3,776,602		3,151,710
Cash and cash equivalents consists of:					
Cash at bank and in hand	15		3,935,639		3,186,102
Bank overdrafts included within creditors	16		(159,037)		(34,392)
Total reserves			3,776,602		3,151,710

The notes on pages 12 to 34 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

1 Accounting Policies

1.1 General Information

The Building Engineering Services Association ('the Association') is an unincorporated body operating in the United Kingdom. The address of its principal place of business is:

Lincoln House, 137-143 Hammersmith Road, London, W14 0QL

The principal activity of the Association is a trade association serving the building and engineering services sector. The Association is the parent undertaking of a group of companies supporting businesses that operate in the building services industry. The activities of the subsidiary undertakings include the provision of welfare and other related services, insurance, skills registration, training, the operation of competent persons schemes and property ownership.

These financial statements present the financial information of the Association and its subsidiary undertakings (together referred to as "the Group"). They are presented in pounds sterling which is the functional currency of the Group.

The Annual Return for the Association can be obtained from:

Certification Office, 22nd Floor, Euston Tower, 286 Euston Road, London, NW1 3JJ.

1.2 Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and under the historical cost convention modified for investment properties and equity investments held at fair value.

1.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Association and its subsidiary undertakings for the year ended 28 February 2017. Undertakings are regarded as subsidiaries where the Association has control over them and has the power to govern their financial and operating policies so as to obtain benefit from their activities. The results of subsidiaries are included from the date of acquisition.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The accounting years of all subsidiaries are co-terminous with those of the Association. Details of the subsidiaries are provided in Note 24.

1.4 Non-consolidation of Related Charitable Company

The Group is the sole member of Engineering Services Training Trust Limited, an incorporated charity, and has the right to appoint and remove all Trustees to the board. In accordance with FRS 102, a control relationship exists due to the power to appoint or remove the majority of board members, however the Trust must operate within its charitable objectives and on winding up, the Group has no right to obtain the benefit of the activities of the Trust. Accordingly, the Finance Committee considers that consolidating the Trust into the Group financial statements would misrepresent the Association's activities and financial position.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

1.5 Going Concern

These financial statements have been prepared on a going concern basis. The Finance Committee, acting on behalf of the Council, has considered the various business risks applicable to the Group businesses, and has assessed the level of potential uncertainty in relation to the financial projections for a period of at least twelve months from the date of signing of the financial statements.

It has also considered the financial position of the Association which, as a result of the distorting impact of the re-measurement provision required for the defined benefit scheme, reflects negative reserves in its own balance sheet at 28 February 2017.

Based on these assessments, the Finance Committee considers that the Group has an appropriate level of liquidity to meet the demands of the business and has therefore continued to adopt the going concern basis of accounting in preparing these financial statements.

1.6 Revenue Recognition

Turnover in relation to subscriptions, welfare and other services, assessment, registration, publications 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 to which it relates on an accruals basis.

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

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.

1.7 Investment Property

Property held for investment is not subject to depreciation but is held at an annually assessed fair value, with any adjustments being charged to the Statement of Comprehensive Income, together with a provision for deferred taxation.

1.8 Equity Investments

The Group accounts for shares in associated companies using the equity method. The Statement of Comprehensive Income includes the Group's share of the pre-tax profits and attributable taxation of the associated companies based on audited financial statements. In the Balance Sheet, the investment in associated companies is shown as the Group's share of the distributable net assets.

Investments in subsidiaries and joint venture entities are recognised by the Association at cost less any provision for impairment. Investments in associates are recognised by the Association at fair value with any adjustments being charged to the Statement of Comprehensive Income.

1.9 Intangible Fixed Assets

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 Statement of Comprehensive Income over its estimate of useful economic life which ranges from four to ten years. Impairment tests on the carrying value of goodwill are undertaken.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The Group recognises an intangible asset in respect of development expenditure when it can demonstrate:

- its technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation

Amortisation of capitalised development expenditure does not commence until the asset is available for use. All expenditure not meeting the criteria set out above is considered to form part of the 'research' phase, and is expensed in the period in which it is incurred. Other intangibles constitute software, intellectual property and website development costs.

The periods of amortisation, on a straight line basis, are as follows:

Development expenditure	4 years / 10 years
Goodwill	10 years
Other	4 years

The Directors of the relevant subsidiaries have considered the useful economic life of the development of a particular piece of software, which has a licence period of 10 years, to be equivalent to the term of the licence of that software. The useful economic life of all other development expenditure which has no specific licence period is considered to be no more than 4 years.

1.10 Tangible Fixed Assets

Property (other than investment property), vehicles and equipment are initially recognised at cost, which is the purchase price plus any directly attributable costs, and are subsequently measured at cost less accumulated depreciation and impairment losses.

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

Freehold buildings	1.41% per annum
Motor vehicles	25% per annum
Equipment, furniture and fittings	15% per annum
Computers and software	25% per annum

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

1.11 Impairment of Assets

At each reporting date, the Group reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows. Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.12 Financial Instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds only basic financial instruments, which comprise cash and cash equivalents, trade and other receivables, equity investments, trade and other payables, and other financial instruments.

Financial assets – classified as basic financial instruments

- **Cash and cash equivalents**
Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.
- **Trade and other receivables**
Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Group assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the Statement of Comprehensive Income.

- **Equity investments**
Equity investments are initially recognised at fair value, which is the transaction price excluding transaction costs and are subsequently measured at fair value through profit or loss where a reliable fair value can be measured. Where the fair value cannot be measured reliably, the equity instruments are held as cost less impairment.

Financial liabilities – classified as basic financial instruments

- **Trade and other payables and loans and borrowings**
Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

1.13 Taxation

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.14 Pension Costs

Contributions to the Group's defined contribution pension scheme (the 'Scheme') are charged to the Statement of Comprehensive Income in the year in which they become payable.

The defined benefit pension scheme is a group multi-employer scheme, the assets of which are held separately from those of the Group. Its members are, or have been, employees of the Association and certain subsidiaries: Welplan Limited; Building Engineering Services Training Limited; and Piper Assessment Limited. The Scheme closed to future accrual with effect from 28 February 2013.

The actuary has determined that a realistic split of the assets and liabilities for allocation to member entities cannot be reliably achieved and the full net liability in respect of the Scheme, as determined by the actuary in accordance with FRS 102, is therefore provided in the accounts of the Association as the principal employer.

Under FRS 102, 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 bonds of equivalent currency and term to the scheme liabilities. Actuarial valuations for FRS102 purposes are obtained at each balance sheet date.

1.15 Leases

Group as Lessee

Rental costs under operating leases are charged in the Consolidated Statement of Comprehensive Income in equal annual amounts over the period of the lease.

Group as Lessor

Rental income from leases of investment property is credited in the Consolidated Statement of Comprehensive Income in equal annual amounts over the period of the lease.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

1.16 Comparative Information

The Finance Committee has reassessed the nature of costs within the Group and determined that £911,687 of costs previously classified as a cost of sale for the year ended 29 February 2016 are better classified as administrative expenses. This has no impact upon profits for the year and is purely a reclassification.

Deferred tax on the actuarial movement of the defined benefit scheme has been reclassified in the comparative year from operating activities to other comprehensive income. This is to be consistent with the treatment of the actuarial re-measurement and has no impact upon profits for the year.

Furthermore, the bank overdraft of £34,392 has been reclassified from cash at bank and in hand to creditors. The reclassification has been made in the current year to enable comparison and has no impact on the previously reported net assets.

1.17 Change of Format

In the prior year, it was the Finance Committee's judgement to present the pension scheme liability as a deduction from total assets, net of current liabilities. In the current year, an alternative form of presentation was agreed upon by the Finance Committee in order to better represent the position of the Group and the Association. Although the prior year has also been restated to show the new balance sheet presentation, there have been no material reclassifications between balance sheet headings.

1.18 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Group's accounting policies, the Finance Committee and subsidiary company directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Accounting judgements

The critical accounting judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below:

- **Intangible assets**
Intangible assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.
- **Development expenditure**
Development expenditure is capitalised in accordance with the accounting policy given in note 1.9 to these financial statements. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets and the expected period of benefits.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Measurement of defined benefit pension scheme*

The Group has obligations in respect of benefits due for pension scheme members. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy; salary increases; asset valuations; and the discount rate to be applied. An actuary is engaged to estimate these factors in determining the pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

- *Valuation of investment property*

The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at 28 February 2017. The valuers used a valuation technique based on a discounted cash flow model adjusted for comparable market. The determined fair value of each investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

2 Turnover

An analysis of the Group's revenue by class and category of business is as follows:

	2017 £	2016 £
Subscriptions	3,723,710	3,747,020
Welfare and other services	2,086,780	2,130,867
Training	789,948	2,005,944
Insurance	439,959	398,392
Letting of property	46,349	16,305
Assessment	-	33,866
Registration	1,047,935	1,072,920
Subscriptions to online literature	940,095	689,080
Sale of technical literature	77,135	78,015
Other income	136,236	138,056
	<u>9,288,147</u>	<u>10,310,465</u>

Turnover of the Group originates in the United Kingdom and the Isle of Man, and all relates to continuing operations.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

An analysis of the Association's revenue by class and category of business is as follows:

	2017 £	2016 £
Subscriptions and affiliations	3,717,339	3,700,541
Other income	106,371	46,479
	<u>3,823,710</u>	<u>3,747,020</u>

Turnover of the Association originates in the United Kingdom, and all relates to continuing operations.

3 Employee Numbers

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

	2017	2016
The Association	47	30
Building Engineering Services Training Limited	18	15
Welplan Limited	70	72
	<u>135</u>	<u>117</u>

4 Key Management Personnel Disclosure

Employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £298,045 (2016 - £222,679).

5 Operating Deficit

The Group operating deficit is stated after charging/(crediting):

	2017 £	2016 £
Turnover received from government bodies	(710,312)	(2,018,436)
Rentals under operating leases		
• Land and buildings	87,778	124,328
• Other operating leases	50,950	39,792
Depreciation of tangible fixed assets	120,285	154,742
Amortisation of intangible fixed assets	194,698	93,340
Auditors remuneration		
• Audit services	52,919	51,800
• Tax compliance services	11,974	23,000
• Other advisory services	20,625	-
Fees paid to other auditors for subsidiary undertakings	4,410	4,500
Non-recurring VAT credit	-	(212,366)
	<u>-</u>	<u>-</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

6 Income from Interests in Associated Undertakings

	2017 £	2016 £
Group		
Share of profits before taxation of Credit Card Holidays Ltd	8,911	18,444
Share of profits before taxation of Esca Estates Ltd	563,726	24,568
	572,637	43,012

7 Other Interest Receivable and Similar Income

	2017 £	2016 £
Group		
Bank interest	23,249	34,526
	23,249	34,526

8 Tax on Profit on Ordinary Activities before Taxation

	2017 Group £	2017 Association £	2016 Group £	2016 Association £
a) Analysis of charge in period				
Current Tax				
Group Relief – prior year		(5,642)	-	-
Corporation tax charge	-	-	(3,689)	-
Associated undertakings – share of tax charge	98,433	-	3,689	-
Total current corporation tax	98,433	(5,642)	-	-
Deferred Tax				
Adjustment for taxation of property fair value surplus	1,675	-	15,752	-
Adjustment for pension liability movement through ordinary activities	65,960	65,960	12,664	12,664
Taxation charge on deficit on ordinary activities	166,068	60,318	28,416	12,664

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

b) Reconciliation of factors affecting tax charge for year

(Deficit) / surplus on ordinary activities before taxation	(745,970)	291,326	(1,083,012)	(384,032)
(Deficit) / surplus on ordinary activities by standard rate of corporation tax in the UK 20.00% (2016: 20.08%)	(149,194)	58,265	(217,469)	(77,114)
Effect of:				
Non-taxable income	(60,419)	(560,000)	(36,758)	(182,728)
Non-allowable expenditure	66,593	393,476	70,875	107,716
Rate differential on associated company profits	(14,312)	-	(4,933)	-
Prior year adjustment	-	(5,642)	-	-
Adjustment of deferred taxation rate on property fair value surplus	(1,325)	-	(1,820)	-
Deferred tax not recognised	354,725	174,218	218,521	164,790
Taxation charge on (deficit) / surplus on ordinary activities	166,068	60,318	28,416	12,664

Un-utilised tax losses for the Group at 28 February 2017 amounted to £6,339,898 (2016: £4,330,862).

UK Finance Act 2016, which provided for a reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted on 6 September 2016. Deferred tax assets and liabilities are valued at the relevant tax rate for the period in which they are expected to be recognised.

9 Intangible Fixed Assets

The Group	Other	Goodwill	Develop- ment Costs	Total £
Cost				
At 1 March 2016	8,400	50,000	1,011,718	1,070,118
Additions	-	-	559,181	559,181
Disposals	-	-	(54,130)	(54,130)
At 28 February 2017	8,400	50,000	1,516,769	1,575,169
Amortisation				
At 1 March 2016	526	50,000	425,071	475,597
Charge for the year	2,100	-	192,598	194,698
Disposals	-	-	(54,130)	(54,130)
At 28 February 2017	2,626	50,000	563,539	616,165
Carrying amounts				
At 28 February 2017	5,774	-	953,230	959,004
At 29 February 2016	7,874	-	586,647	594,521

Development costs are internally generated software development costs (£437,606) and externally acquired to the Group (£121,575). Internally generated software development costs have been capitalised because the useful economic life is expected to be more than 1 years but no more than 4 years.

The amortisation charge for the year is included in the Statement of Comprehensive Income under the heading of Administrative Expenses.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2017

10 Tangible Fixed Assets

The Group	Freehold Property	Motor Vehicles	Equipment, Furniture & Fittings	Total £
Cost				
At 1 March 2016	1,137,691	84,064	2,685,345	3,907,100
Additions	7,609	-	75,402	83,011
Disposals	-	(42,734)	(440,276)	(483,010)
At 28 February 2017	1,145,300	41,330	2,320,471	3,507,101
Depreciation				
At 1 March 2016	155,314	61,371	2,464,664	2,681,349
Charge for year	16,056	7,366	96,863	120,285
Disposals	-	(42,734)	(440,276)	(483,010)
At 28 February 2017	171,370	26,003	2,121,251	2,318,624
Carrying amounts				
At 28 February 2017	973,930	15,327	199,220	1,188,477
At 29 February 2016	982,377	22,693	220,681	1,225,751

The freehold property is secured by way of a charge in favour of the HVCA Retirement Benefits Scheme.

The Association	Motor Vehicles	Equipment, Furniture & Fittings	Total £
Cost			
At 1 March 2016	42,734	637,083	679,817
Additions	-	195,170	195,170
Disposals	(42,734)	(440,276)	(483,010)
At 28 February 2017	-	391,977	391,977
Depreciation			
At 1 March 2016	42,734	601,780	644,514
Charge for year	-	75,083	75,083
Disposals	(42,734)	(440,276)	(483,010)
At 28 February 2017	-	236,587	236,587
Carrying amounts			
At 28 February 2017	-	155,390	155,390
At 29 February 2016	-	35,303	35,303

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

11 Investment Property

The Group	2017	2016
	£	£
Fair value at 1 March	810,943	320,943
Reclassification from tangible fixed assets	-	402,490
Fair value gains recognised in the Statement of Comprehensive Income	15,000	87,510
At 28 / 29 February	<u>825,943</u>	<u>810,943</u>

Investment property is secured by way of a charge in favour of the HVCA Retirement Benefits Scheme.

As at 28 February 2017, the fair values of the investment properties were based on valuations performed by independent valuers, who hold professional qualifications with the Royal Institution of Chartered Surveyors and have experience in the location and class of the investment property valued.

Investment properties are valued by adopting the investment method of valuation. This approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation.

The investment property with a value brought forward of £490,000 is held by a subsidiary and the fair value gain has been included in the Statement of Comprehensive Income for the Group for the year. The critical assumptions made in the valuation of the property with a fair value of £505,000 were a market rent of £45,000 per annum, allowance for purchases costs of 4.5% and a yield in perpetuity rate of 8.5%.

The investment property with a value brought forward of £320,943 is a mixed use property and is held by a subsidiary. The valuation at 29 February 2016 was assessed by the directors of the subsidiary as being equal to historical cost. A formal valuation as at 28 February 2017 confirmed the value at that date to be £320,000. As a result, no adjustment has been made to the balance sheet value.

12 Fixed Asset Investments

The Group	2017	2016
	£	£
Interest in associated undertakings:		
As at 1 March	9,551,162	9,721,838
Share of profits pre-tax	572,637	43,012
Share of tax	(98,448)	(3,688)
Less dividends received	(2,100,000)	(210,000)
As at 28 / 29 February	<u>7,925,351</u>	<u>9,551,162</u>

All above investments are unlisted.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

The Association	2017		2016	
	Subsidiaries £	Associate £	Subsidiaries £	Associate £
Interest in subsidiary and associated undertakings:				
Cost / valuation at 1 March	100,000	9,523,810	100,000	9,709,242
Fair value adjustments to the Statement of Comprehensive Income	-	(1,634,707)	-	(185,432)
Cost / valuation at 28 / 29 February	100,000	7,889,103	100,000	9,523,810

Subsidiary undertakings are held at cost. Additional information in respect of subsidiary companies is set out in note 24 to these financial statements.

Joint venture entities are held under the cost model. The joint venture held by the Association is limited by guarantee and as such, there is no value recognised in the Association Balance Sheet.

The associated undertaking is held at fair value with any adjustments being charged to the Association Statement of Comprehensive Income. The fair value of the associated undertaking is deemed to be the Association's share of the net assets of the associate as its latest Balance Sheet reflects a recently acquired investment property and cash and therefore the Finance Committee consider this to be an appropriate measure of fair value. Additional information in respect of associated companies is set out in note 25 to these financial statements.

All above investments are unlisted.

13 Debtors: amounts falling due within one year

	2017		2016	
	Group £	Association £	Group £	Association £
Trade debtors	698,780	81,563	752,386	88,701
Amounts owed by subsidiary undertakings	-	3,230,877	-	2,353,877
Amounts owed by associated undertakings	2,825	2,825	52,626	6,104
Amounts owed by related undertakings	317,093	9,404	229,461	-
Prepayments and accrued income	801,045	251,179	805,292	125,819
Other debtors	635,581	15,991	58,026	14,263
	2,455,324	3,591,839	1,897,791	2,588,764

Amounts due from subsidiary, associated and related undertakings are unsecured, interest-free and repayable on demand.

14 Debtors: amounts falling due after more than one year

	2017		2016	
	Group £	Association £	Group £	Association £
Deferred tax asset (see note 18)	2,261,000	2,261,000	1,590,660	1,590,660
Other debtors	299,995	299,995	300,000	300,000
	2,560,995	2,560,995	1,890,660	1,890,660

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2017

15 Cash at bank and in hand

	2017		2016	
	Group £	Association £	Group £	Association £
Unrestricted cash funds	3,931,404	1,250	3,181,681	23,859
Holiday pay scheme funds	4,235	-	4,421	-
	<u>3,935,639</u>	<u>1,250</u>	<u>3,186,102</u>	<u>23,859</u>

The balance of holiday pay scheme funds shown above is matched by liabilities as reflected in Note 16.

16 Creditors: amounts falling due within one year

	2017		Restated 2016	
	Group £	Association £	Group £	Association £
Bank overdraft ¹	159,037	159,037	34,392	-
Trade creditors	1,290,750	206,090	827,155	182,545
Holiday pay scheme liability ²	4,235	-	4,421	-
Amounts owed to subsidiary undertakings	-	839,773	-	1,661,972
Amounts owed to associated undertakings	-	-	14,515	-
Amounts owed to related undertakings	786,988	124,202	742,058	-
Taxation and social security	367,240	138,818	260,904	103,235
Other creditors	203,995	3,841	193,008	-
Accruals and deferred income	2,345,044	511,387	1,824,970	478,523
	<u>5,157,289</u>	<u>1,983,148</u>	<u>3,901,423</u>	<u>2,426,275</u>

¹ The bank overdraft above consists of payments not yet cleared by the balance sheet date.

² The holiday pay scheme liability is matched by segregated cash holdings as reflected in Note 15.

Amounts due to subsidiary, associated and related undertakings are unsecured, interest-free and repayable on demand.

17 Creditors: amounts falling due after more than one year

	2017		2016	
	Group £	Association £	Group £	Association £
Other creditors	22,500	-	22,500	-
	<u>22,500</u>	<u>-</u>	<u>22,500</u>	<u>-</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

18 Deferred Tax

The deferred taxation assets and liabilities provided in the financial statements are as follows:

	2017		2016	
	£	£	£	£
Tax on defined benefit pension scheme provision:				
At 1 March	1,590,660		2,050,000	
Movement on items charged to Statement of Comprehensive Income	(65,960)		(217,960)	
Movement charged to Other Comprehensive Income:	736,300		(241,380)	
	<u> </u>		<u> </u>	
At 28 / 29 February (see note 14)		2,261,000		1,590,660
Tax on investment property fair value surplus:				
At 1 March	(15,752)		-	
Movement on items charged to Statement of Comprehensive Income	(1,675)		(15,752)	
	<u> </u>		<u> </u>	
At 28 / 29 February		(17,427)		(15,752)
		<u> </u>		<u> </u>
		2,243,573		1,574,908

The deferred taxation assets not provided in the financial statements are as follows:

	2017	2016
	£	£
Timing differences on capital allowances	200,172	73,406
Tax losses not utilised	951,897	1,173,182
	<u> </u>	<u> </u>
	1,152,069	1,246,588

19 Reserves

Accumulated Funds

This reserve represents the cumulative retained earnings of the Group and the Association.

Statutory Reserves

This is a specific reserve held by a subsidiary of the Group, Piper Insurance Company Limited, under Regulation 12 of the Isle of Man Insurance Regulations 1986.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

20 Financial Instruments

Financial assets at fair value with any adjustment being charged to the Statement of Comprehensive Income:

	2017		2016	
	Group £	Association £	Group £	Association £
Equity investments:				
Investments in subsidiary undertakings	-	100,000	-	100,000
Investment in associate	-	7,889,103	-	9,523,810
Investment in joint venture entity	-	-	-	-
	-	7,989,103	-	9,623,810

Investments in subsidiaries held by the Association are held at cost. All other investments are held at fair value which, as they are unlisted, has been determined based on management's assessment that the market value of the shares is equal to each Company's net assets.

Financial assets that are debt instruments measured at amortised costs:

	2017		2016	
	Group £	Association £	Group £	Association £
Trade debtors	698,780	81,563	752,386	88,701
Amounts owed by subsidiary undertakings	-	3,233,702	-	2,353,877
Amounts owed by associated undertakings	12,229	9,404	52,626	6,104
Amounts owed by related undertakings	307,689	-	229,461	-
	1,018,698	3,324,669	1,034,473	2,448,682

Financial liabilities that are debt instruments measured at amortised costs:

	2017		2016	
	Group £	Association £	Group £	Association £
Trade creditors	1,414,952	330,292	827,155	182,545
Amounts owed to subsidiary undertakings	-	839,773	-	1,661,972
Amounts owed to associated undertakings	-	-	14,515	-
Amounts owed to related undertakings	662,786	-	742,058	-
	2,077,738	1,170,065	1,583,728	1,844,517

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

21 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 – the 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 2017 was 47 (2016 – 44).

The assets of the scheme, which amounted to £13.0m at 28 February 2017 (2016 – £12.3m), 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 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 £530,000 per annum with effect from 1 March 2016 (increasing by 3% on each subsequent 1 March) for a period expected to expire on 31 August 2032.

Excluding scheme expenses, employer contributions in respect of the Scheme deficit, amounted to £719,000 (2016 – £423,000). The Group expects to contribute £797,900 to the scheme during the year to 28 February 2017.

In accordance with FRS 102, the Group and the Association disclose the current assessment of the deficit in the defined benefit scheme as a separate category of liability on their respective balance sheets.

The amounts recognised are as follows:

	2017 £'000	2016 £'000
Present value of funded obligation	(26,253)	(21,121)
Fair value of plan assets	12,953	12,284
Net liability	<u>(13,300)</u>	<u>(8,837)</u>

Analysis of amounts recognised in the Statement of Comprehensive Income:

	2017 £'000	2016 £'000
Net interest expense	<u>(331)</u>	<u>(351)</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

Analysis of amounts recognised in Other Comprehensive Income:

	2017 £'000	2016 £'000
Return on plan asset (excluding amounts recognised as interest)	232	(780)
Actuarial changes	(5,083)	2,121
	<u>(4,851)</u>	<u>1,341</u>

Reconciliation of present value of plan liabilities:

	2017 £'000	2016 £'000
At 1 March	(21,121)	(23,921)
Interest cost	(809)	(811)
Benefits paid	760	1,490
Actuarial changes	(5,083)	2,121
At 28 / 29 February	<u>(26,253)</u>	<u>(21,121)</u>

Reconciliation of fair value of plan assets:

	2017 £'000	2016 £'000
At 1 March	12,284	13,671
Interest on assets	478	460
Return on plan asset (excluding amounts recognised as interest)	232	(780)
Employer contributions	719	423
Benefits paid	(760)	(1,490)
At 28 / 29 February	<u>12,953</u>	<u>12,284</u>

Composition of plan assets:

	2017 £'000	2016 £'000
Diversified growth funds	9,606	8,930
Gilt funds	3,128	3,182
Annuities	102	90
Cash	117	82
	<u>12,953</u>	<u>12,284</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

Major assumptions used by the Actuary in preparing the valuation for FRS102 purposes were:

	2017	2016
Discount rates	2.70%	3.90%
Deferred pension revaluation	3.30%	2.80%
Future pension increases	3.30%	2.80%
Inflation assumption	3.30%	2.80%

Mortality assumptions – S2NMA LIGHT/S2NFA (light mortality of males only) year of both tables with CMI 2014 projections and long-term rate of improvement of 1% per annum. (2015: SAPS2 light mortality year of both tables rated up by one year with CMI 2014 projections and long-term rate of improvement of 1% per annum).

Tax free cash – 90% of members are assumed to take 25% of their pension as tax-free cash in both the 2016 and 2017 valuation.

Defined benefit scheme

The Association and 3 other participating employers are required to contribute to the scheme deficit. The contributions payable by the Association to the scheme for the year ended 28 February 2017 were £530,106 (2016 - £270,020). Contributions payable by subsidiary undertakings to the scheme for the year ended 28 February 2017 were £188,894 (2016 - £149,980). In the Association Statement of Comprehensive Income, the contributions payable by subsidiary undertakings are recognised as pension recharges within other operating income.

Defined contribution scheme

A defined contribution scheme is available for all Group staff, including those former active members of the defined benefit scheme whose entitlements became deferred on the closure of the Scheme to future accrual.

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 £337,160 in the current year (2016 - £285,215).

22 Capital Commitments

At 28 February 2017, capital commitments contracted for but not provided in the Group were £140,000 (2016 - £nil) and in the Association £nil (2016 - £nil).

23 Operating Lease Commitments

Group as Lessor

The Group has investment properties that are leased to third parties. The future minimum lease payments receivable under those non-cancellable leases are as follows:

	2017	2016
	£	£
Within one year	45,000	54,780
Between two to five years	120,000	165,000
	<u>165,000</u>	<u>219,780</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

Group as Lessee

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

	2017		2016	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	87,778	71,344	87,778	39,792
Between two to five years	21,105	78,495	87,778	45,105
	108,883	149,839	175,556	84,897

24 Additional Information on Subsidiary Undertakings

Subsidiary	Country of incorporation, registration and operation	Principal activity	% of ordinary shares held
B & ESA Limited ²	England	Holding company	100%
Welplan Limited	England	Administration of pension, welfare benefits and health insurance schemes	100% ¹
Piper Insurance Company Limited	Isle of Man	Insurance	100% ¹
Building Engineering Services Training Limited	England	Training	100% ¹
Piper Assessment Limited	England	Property ownership	100% ¹
Engineering Services Skillcard Limited	England	Registration of industry qualifications and skills	100% ¹
Building Engineering Services Competence Assessment Limited	England	Operation of competent persons schemes	100% ¹
Refcom Limited	England	Competence registration	100% ¹
BESA Publications Limited	England	Publications	100% ¹
Piper Training Limited	England	Training (previously dormant)	100% ¹
Welplan Holiday Pay Limited	England	Operation of holiday pay schemes	100% ¹
Welplan Investments Limited	England	Investment of holiday pay funds	100% ¹
ECI Holiday Pay Limited	England	Operation of holiday pay schemes	100% ¹
ECI Holiday Pay Investments Limited	England	Investment of holiday pay funds	100% ¹
Welplan Pensions Trustee Company Limited	England	Dormant	100% ¹
H & V Welfare Limited	England	Dormant	100% ¹
RAD Training Limited	England	Dormant	100% ¹

¹ The shareholdings are held through B&ESA Limited or its subsidiary companies.

² During the year, B&ESA Ltd paid a dividend to BESA of £700,000 (2016 - £700,000).

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

25 Additional Information on Associated Undertakings and Joint Ventures

	Undertaking	Accounting Reference Date	% of shares held	% of voting rights
Credit Card Holidays Ltd ¹ <i>See (a) below</i>	Joint venture of Association and Group	28 February	-	50%
Welfare Holdings (H&V) Ltd ¹ <i>See (a) below</i>	Subsidiary undertaking of CCH	28 February	50%	50%
ESCA Estates Ltd ¹ <i>See (b) below</i>	Associated undertaking of Association and Group	30 November	43%	43%

¹ Country of incorporation, registration and operation – England

(a) Credit Card Holidays Limited and subsidiary undertaking

Credit Card Holidays Limited does not trade for profit. It operates a holiday pay 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 and is therefore a joint venture entity and accordingly accounted for under the equity method in the Group financial statements.

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 pay scheme operated by Credit Card Holidays Limited. The Group's share of the net assets of the group headed by Credit Card Holidays Limited, incorporating 100% of the results of Welfare Holdings (H&V) Limited is recognised in the Group accounts using the equity method of accounting.

(b) ESCA Estates Limited

The principal activity of this company is to lease and/or own the property in which the Association's London headquarters are located. Given the nature of the business of ESCA Estates Limited, the Finance Committee is satisfied that no material distortion is caused by its Accounting Reference Date being different from that of the Association and Group.

26 Related Party Transactions

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

- a) Credit Card Holidays Limited, Welfare Holdings (H&V) Limited and ESCA Estates Limited, being associated companies of the Association are related parties of the Group for the purposes of FRS102 Section 33 "Related Party Disclosure". A summary of the aggregate transactions which have been undertaken by the Group with these parties is as follows:

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

The Group	2017 £	2016 £
Amounts included in turnover:		
Cash collected on behalf of the Group, unclaimed holiday pay credits and interest	878,181	889,355
Amounts included in administration expenses:		
Rent, rates and service charges	415,077	486,220
Amounts included in debtors	76,931	42,833
Amounts included in creditors	124,202	51,832

b) The undertakings listed below are considered by the Finance Committee to be related parties of the Group, for the purposes of FRS 102 section 33 by virtue of these entities being administered by wholly owned subsidiaries of the Group.

- The Welfare Schemes, administered by Welplan Limited, and which Welplan Limited acts as Trustee for, are as follows:
 - Welplan Sickness and Accident Scheme
 - Welplan Death Benefit Scheme
 - Welplan Pensions
 - TICI Sickness and Accident Scheme
 - TICI Death Benefit Scheme
 - ECI Sickness and Accident Scheme
 - ECI Death Benefit Scheme
- Refcom Certification Ltd is an accreditation body and limited company for which the Association acts as administrator

A summary of the aggregate transactions which have been undertaken by the Group with the Welfare Schemes is as follows:

The Group	2017		2016	
	£	£	£	£
Amounts included in turnover:				
Administration fees	1,184,627		889,891	
Insurance premiums	439,959		398,392	
		1,624,586		1,288,283
Amounts included in debtors		230,883		249,454
Amounts included in creditors		662,786		593,446

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2017

- c) Engineering Services Training Trust Limited is considered by the Finance Committee to be a related party of the Group by virtue of the Association's influence upon the organisation. Refcom Certification Ltd is an accreditation body and limited company for which Welplan, a wholly owned subsidiary of the Group, acted as administrator in the year to 29 February 2016 only. A summary of the aggregate transactions which have been undertaken by the Group is as follows:

The Group	2017	2016
	£	£
Amounts included in turnover:		
Administration fees	-	200,000
	<hr/>	<hr/>
Amounts included in debtors	12,104	8,804
	<hr/>	<hr/>
Amounts included in creditors	-	148,612
	<hr/>	<hr/>

- d) Council Members are related parties of the Association. A summary of the aggregate transactions with Building Engineering Services Association member firms represented on the Council is as follows:

The Group	2017		2016	
	£	£	£	£
Amounts included in turnover:				
Subscriptions		344,382		409,991
		<hr/>		<hr/>

- e) Key management personnel compensation is disclosed within note 4.

27 Prior Year Adjustment

This adjustment relates to an error on the recognition of cost of sales for services received by one entity in the group. The cost was previously recognised when the invoice for the service was received rather than recognised in the period the service related to. The correcting adjustment results in a reduction of the opening reserves at 1 March 2015 and an increase in accruals at that date of £106,817.