

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 2021		
List No:	043/E		
Head or Main Office:	Rotherwick House		
	3 Thomas More St.		
	St. Katharine's & Wapping		
	London		
Postcode	E1W 1YZ		
Website address (if available)	www.thebesa.com		
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Mr Mark Oakes		
Contact name for queries regarding the completion of this return:	Ms Skye Hardy		
Telephone Number:	01768 860432		
E-mail:	skye.hardy@thebesa.com		

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: 0330 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ywm@tcyoung.co.uk

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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
1,095	36		1	1,132

Change of Officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change
President	John Norfolk	Neil Brackenridge	02 July 2020
President Elect	Neil Brackenridge	Robert Fletcher	02 July 2020
Vice President	Robert Fletcher	Claire Curran	02 July 2020
Immediate Past President	Tim Hopkinson	John Norfolk	02 July 2020

Officers in post

(see note 10)

Please complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Neil Brackenridge	President
Robert Fletcher	President Elect
Claire Curran	Vice President
John Norfolk	Immediate Past President

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
3,709,850	From Members	Subscriptions, levies, etc	3,302,306	3,302,306
	Investment income	Interest and dividends (gross)		
44,551		Bank interest (gross)	12,354	12,354
		Other (specify)		
121,361		Gain/(loss) from interest in associates	-650,025	-650,025
		Total Investment Income	-637,671	-637,671
165,912				
46,411	Other Income	Rents received	34,524	34,524
432,916		Insurance commission	399,280	399,280
		Consultancy fees		
		Publications/Seminars		
		Miscellaneous receipts (specify)		
1,182,188		Training Agency	1,216,554	1,216,554
6,399,654		Welfare and other services	6,682,062	6,682,062
44,074		Grant income	190,607	190,607
20,000		Gain arising on FV of Investment	20,000	20,000
8,125,243		Total of other income		8,543,027
12,001,005		Total income		11,207,662
		Interfund Transfers IN		
	Expenditure			
5,241,521	Administrative expenses	Remuneration and expenses of staff	5,386,890	5,386,890
544,937		Occupancy costs	522,693	522,693
484,319		Printing, Stationery, Post	304,467	304,467
		Telephones		
1,563,360		Legal and Professional fees	1,813,820	1,813,820
		Miscellaneous (specify)		
91,345		Publicity	128,039	128,039
766,964		College fees and grants payable	455,812	455,812
428,485		Travel and Motor expenses	82,943	82,943
98,940		Insurance Claims Paid	246,541	246,541
		Total of Admin expenses		8,941,205
9,219,871				
30,385	Other Charges	Bank charges	40,693	40,693
255,490		Depreciation	249,385	249,385
56,426		Sums written off	47,493	47,493
162,157		Affiliation fees	165,270	165,270
		Donations		
232,520		Conference and meeting fees	39,065	39,065
41,280		Expenses	137,074	137,074
		Miscellaneous (specify)		
26,428		(Profit)/Loss on sale of Fixed Assets	3,015	3,015
302,145		Finance Cost	223,031	223,031
2,398,145		Actuarial (gain)/loss	-772,480	-772,480
800,908		Pension Closure Costs	-543,040	-543,040
4,305,884		Total of other charges		-410,494
-361,118		Taxation	114,180	114,180
13,164,637		Total expenditure		8,644,891
		Interfund Transfers OUT		
-1,163,632		Surplus/Deficit for year		2,562,771
1,703,475		Amount of fund at beginning of year		539,843
539,843		Amount of fund at end of year		3,102,614

Accounts other than 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	
	Interfund Transfers IN		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 2021]

(see notes 19 and 20)

Previous Year		£	£
1,420,694	Fixed Assets (as at Page 8)	1,361,264	1,361,264
	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		
6,917,871	Unquoted (Market value £) as at Page 9		6,088,093
	Total Investments	6,088,093	6,088,093
	Other Assets		
4,656,861	Sundry debtors	6,267,171	6,267,171
5,314,995	Cash at bank and in hand	6,714,726	6,714,726
	Stocks of goods		
	Others (specify)		
535,894	Intangible assets	843,480	
895,943	Investment Property	915,942	
19,742,258	Total of other assets	14,741,319	14,741,319
	Total Assets		22,190,677
539,843	Revenue Account/ General Fund	3,102,614	
	Revaluation Reserve		
	Liabilities		
2,188	Bank Overdraft		
496,917	Tax Payable	573,746	
1,754,232	Sundry Creditors	2,014,777	
3,515,751	Accrued Expenses	4,204,963	
29,327	Provisions - Deferred Tax	36,577	
13,404,000	Other Liabilities - Pension Liability	12,258,000	
19,202,415	Total Liabilities		19,088,063
19,742,258			
	Total Assets		22,190,677

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period	1,173,125	247,569		1,420,694
Additions during period	7,594	50,418		58,012
Less: Disposals		-3,315		-3,315
Less: Depreciation	-19,786	-94,341		-114,127
Total to end of period	1,160,933	200,331		1,361,264
Book Amount at end of period	1,160,933	200,331		1,361,264
Freehold	1,160,933			1,160,933
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets	1,160,933	200,331		1,361,264

Analysis of Investments

(see note 22)

Quoted		Other Funds
	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 investments (to be specified)	
	Welfare Holdings (H&V) Limited	65,959
	Esca Estates Limited - Interest in associate	6,022,134
	Total Unquoted (as Balance Sheet)	6,088,093
	Market Value of Unquoted Investments	

* 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 note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes	X	No	
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
B&ESA Limited	00852809

Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		No	
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If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	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	X
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If NO, state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
B&ESA Limited	Alan Gregory
	Martin Coote
	Stephen Hudson

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
Income		
From Members	3,302,306	3,302,306
From Investments	-637,671	-637,671
Other Income (including increases by revaluation of assets)	8,543,027	8,543,027
Total Income	11,207,662	11,207,662
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	8,644,891	8,644,891
Funds at beginning of year (including reserves)	539,843	539,843
Funds at end of year (including reserves)	3,102,614	3,102,614
ASSETS		
Fixed Assets		1,361,264
Investment Assets		6,088,093
Other Assets		14,741,319
Total Assets		22,190,677
Liabilities		
Total Liabilities		19,088,063
Net Assets (Total Assets less Total Liabilities)		3,102,614

Notes to the accounts

(see note 34)

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

Refer to attached financial statements

BUILDING ENGINEERING SERVICES ASSOCIATION

Annual report and financial statements
For the year ended 28 February 2021

BUILDING ENGINEERING SERVICES ASSOCIATION
Annual Report and Financial Statements
For the year ended 28 February 2021

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BUILDING ENGINEERING SERVICES ASSOCIATION

Annual Report and Financial Statements

For the year ended 28 February 2021

COUNCIL AND BOARD MEMBERS AND AUDITOR

Members of the Council who have served during the year

N Brackenridge - SES (Engineering Services) Ltd **(President)**
J Canning - NBC (Air Conditioning) Ltd
M Coote - Gatwick Park Mechanical Services Ltd
C Curran - Linaker Ltd
P Curtis - Briggs & Forrester
R Melendez - ESG Plc
R Fletcher - Fife Council
A Gregory - IAQ Consultancy ServesLtd
T Hopkinson - E Poppleton & Son Ltd
S Hudson - Derry Building Services
K Knapp - Ecolution Renewables
R Merritt - AC Solutions Group
C McGlen - Robert Kirkland (Blyth) Ltd
D Martin - Assured Services NI
G Narbeth - Narbeths Mechanical Services
J Norfolk - Imtech Engineering Services Central
D Norton - Norton Mechanical
W Pitt - NG Bailey
A Shephard - E&S Heating and Ventilation Ltd
A Sims - Vent-Tech Ltd
S Surridge - Caterclean 24 Seven
K Morrissey - HE Simm Ltd
N James - Arnold James

Members of the Board who have served during the year

N Brackenridge **(President)**
R Fletcher
T Hopkinson
N James
C Curran
D Norton
J Norfolk
D Frise **(Chief Executive)**
S Hardy **(Finance Director)**

Independent Auditor

Armstrong Watson Audit Limited
Fairview House
Victoria Place
Carlisle

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2021

The members of the Building Engineering Association "BESA" Board present their annual report and the audited financial statements for the Building Engineering Services Association for the year ended 28 February 2021.

Principal Activities

The principal activities of the Association are as a trade and employers' association, representing the interests of firms active in the design, installation, commissioning, maintenance, control and management of engineering systems and services in buildings in the United Kingdom. BESA operates on a Group basis through a number of subsidiary and related undertakings delivering a range of complementary services including the provision of employee benefits, training, insurance, personnel registration, company competence assessment and certification, technical publications and property ownership.

Financial Reporting Standards

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

Review of the Business of the Group

The Covid-19 pandemic has brought unprecedented challenges to BESA, its membership, the industry and the wider economy.

The BESA Board is pleased with the way in which BESA responded to Covid-19, both in terms of proactive support for the industry, which has reinforced the value of BESA membership, and the swift and decisive measures taken to protect the people within the business and maintain financial strength.

Proactive steps were taken to ensure that BESA's strategic plans were not unduly affected and consequently, BESA was able to withstand the immediate impact of the crisis while continuing to provide valuable and sustainable services to members and customers.

The Board is pleased to report that despite the uncertainty around Covid-19 the Group maintained its turnover at a similar level to 2019/20. The surplus from operating activities increased by £241,320 to £2,014,540. This improved trading performance is due to temporarily reduced overhead as a result of travel and social restrictions in place since March 2020. Overheads are expected to return to more normal levels following the easing of the latest lockdown, however, reduced spend is likely going forward due to a shift in working practices brought about as a result of the pandemic.

Throughout the pandemic we have remained in close contact with our members and customers to promote the benefits of the products and services offered by the BESA Group. As a result of previous investment in our IT systems we were able to very quickly establish new ways of operating and interacting with our members to ensure that we provide relevant, valuable and timely information to assist them through the pandemic.

The additional content provided through Webinars, Podcasts and Social Media has greatly expanded BESA's reach and brand awareness within the sector and a greater digital focus will remain part of our operating model into the future. To date, the BESA Webinar programme, launched in the early days of the pandemic has been accessed by over 10,000 individuals and is now a permanent feature of our communication programme.

The Group continues to pursue a strategy designed to increase Association membership, to further diversify income streams and to re-establish training provision as a core member service. Our ability to support our members in demonstrating technical excellence is a core purpose and benefit for our members. The success in developing new ways to deliver this support will allow the Association to capitalise on large scale industry changes such as the changes that arise from the Building Safety Act.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2021

Review of the Business of the Group (Continued)

In a post Grenfell regulatory regime, the market for qualified people who can evidence competence will grow increasing the demand for CPD and certification training. The launch of BESA Academy in August 2020 offering virtual training and CPD came at a critical point where face to face training had stopped and many other providers were struggling with digital alternatives. In under a year, the Academy has benefited over 5,000 learners, and the number of courses and CPDs has grown at pace. BESA Academy pioneered the development of a free training course on the industry requirements for site safety as a result of COVID, a course which was gratefully received by BuildUK and the Construction Leadership Council and promoted across the sector. With a focus on continual expansion of training material, the Academy has also been successful in securing grants to fund content development, a strategy which will continue into the future.

In March 2019, Welplan Ltd which is a Group subsidiary, made the difficult decision to exit the pensions master trust market. The closure of Welplan Pensions was completed in February 2021 and Welplan is now focussed on expanding its core, long-established welfare benefits business. The Board remains confident about the prospects for further growth in this area of the business. A significant investment is currently in progress to develop a new system which will allow for further penetration both through our existing customer base and from new business.

Since 2019 there has been an increased focus on growing SFG20 revenues following recognition of the unique product and market potential. Whilst the pandemic has presented some challenges during 2020, a number of significant new products were launched, as well as new targeted content for specialist sectors. SFG20 is a business with immense potential arising from untapped domestic markets, a proactive approach in international markets and large-scale enterprise agreements that include consultancy services.

Following a change in the Directors of Refcom Certification Ltd in August 2020 this entity has been consolidated into the Group. This has resulted in a positive impact of £147,501 to the net assets of the Group.

In common with many other businesses, BESA has a long term liability in respect of its final salary pension scheme. The re-measurement of the provision for the liability after the deferred tax allowance resulted in a positive movement of £1,196,340 to £9,928,980 for 2020/21. It is important to recognise that this, and the resultant figures 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. There is a deficit recovery plan in place supported by the most recent actuarial valuation which continues to be appropriately funded within the annual trading budgets for the Group.

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.

Principal Risks and Uncertainties

The principal business risks affecting the Group are:

- Financial
- Brexit
- Covid-19

Financial

The Board has identified two key financial risks. Firstly, in common with any member organisation, is a reduction in subscription income. This risk is not only linked to potential member losses or reduced member turnover, but also to recruitment and retention of new members. Secondly, there is a risk 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 a position where they generate sufficient net income to support the costs, net of member subscriptions, incurred by the Association.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2021

Principal Risks and Uncertainties (Continued)

Brexit

Brexit remains one of the most significant economic events for the UK, and there remains a high degree of uncertainty both in terms of the transition process and the impact on UK business and the economy.

Covid-19

The Covid-19 pandemic has brought unprecedented challenges to businesses globally. The Board continues to monitor the situation to ensure that we remain focussed on our key priorities of the protection and wellbeing of employees, cash preservation and the continued provision of support and guidance to our members.

Board members and their interests

None of the Board 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 Board is committed to high standards of corporate governance and 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 £126,746 (2020 - £230,801) and externally acquired to the Group of £168,598 (2020 - £15,225).

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.

Acting under delegation from the Council, all of the current members of the Board 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 Board are not aware of any relevant audit information of which the auditor is unaware.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2021

Auditor

Armstrong Watson Audit Limited 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 Board
on behalf of the Council**



**N Brackenridge
Chairman**

Date: 1 July 2021

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Independent Auditor

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The board members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Board

As explained more fully in the board members' responsibilities statement set out on pages 4 and 5, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Independent Auditor

Auditor's responsibilities for the audit of the financial statements (Continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation, as well as compliance with government bodies for the provision of apprenticeships.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
 - reviewing the key areas of the financial statements most susceptible to fraud whilst tailoring our audit plans.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates, such as the defined benefit pension and investment property valuations were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- reviewed CJRS claims made during the financial year to ensure compliant with HMRC.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, the ESFA, DEFRA, City & Guilds, E&W and Scotland apprenticeships and the company's legal advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

BUILDING ENGINEERING SERVICES ASSOCIATION
Report of the Independent Auditor

Use of the audit report

Our responsibility is to audit and express an opinion on the non-statutory financial statements in accordance with International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Armstrong Watson Audit Limited

Armstrong Watson Audit Limited

Fairview House
Victoria Place
Carlisle
CA1 1HP

Date: 19/7/21

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Statement of Comprehensive Income
For the year ended 28 February 2021

	Note	2021 £	2020 Restated £
Turnover	2	11,634,726	11,769,678
Cost of sales		(3,954,532)	(4,192,391)
Gross surplus		7,680,194	7,577,287
Administrative expenses		(5,665,654)	(5,804,067)
Operating surplus	5	2,014,540	1,773,220
Gain arising on fair value of investment property	13	20,000	20,000
Grant income		190,607	44,074
(Loss) / profit from interests in associated undertakings	6	(650,025)	121,361
Loss on disposal of fixed assets		(3,015)	(26,758)
Other interest receivable and similar income	7	12,354	44,551
Interest payable and similar charges	8	(223,031)	(302,145)
Pension closure	9	543,040	(800,908)
Surplus on ordinary activities before taxation		1,904,470	873,395
Tax (charge) / credit on surplus on ordinary activities	10	32,591	(46,567)
Surplus on ordinary activities after taxation		1,937,061	826,828
Other comprehensive income			
Re-measurement in respect of the defined benefit scheme	23	772,480	(2,398,145)
Movements in related deferred tax provision	20	(146,771)	407,685
Total other comprehensive income		625,709	(1,990,460)
Total comprehensive income for the year		2,562,770	(1,163,632)

The notes on pages 15 to 38 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Balance Sheet as at 28 February 2021

	Note	2021		2020 Restated	
		£	£	£	£
Assets					
Fixed Assets					
Intangible assets	11		843,480		535,894
Tangible assets	12		1,361,265		1,420,694
Investment property	13		915,943		895,943
Fixed asset investments	14		6,088,093		6,917,871
			<u>9,208,781</u>		<u>9,770,402</u>
Current Assets					
Debtors: amounts falling due within one year	15	3,846,340		2,131,225	
Debtors: amounts falling due after more than one year	16	2,420,831		2,525,636	
Cash at bank and in hand	17	6,714,726		5,314,995	
			<u>12,981,897</u>		<u>9,971,856</u>
Total assets			<u>22,190,678</u>		<u>19,742,258</u>
Liabilities and equity					
Reserves					
Accumulated funds	21	2,734,126		171,356	
Statutory reserves	21	368,487		368,487	
			<u>3,102,613</u>		<u>539,843</u>
Provisions for liabilities					
Pension scheme liability	23	12,258,000		13,404,000	
Deferred taxation	20	36,577		29,327	
			<u>12,294,577</u>		<u>13,433,327</u>
Current liabilities					
Creditors: amounts falling due within one year	18	6,778,488		5,754,088	
Creditors: amounts falling due after more than one year	19	15,000		15,000	
			<u>6,793,488</u>		<u>5,769,088</u>
Total liabilities and equity			<u>22,190,678</u>		<u>19,742,258</u>

These financial statements were approved and authorised for issue by the Board on behalf of the Council of the Building Engineering Services Association on 1 July 2021.



N Brackenridge
Chairman of the Board



D Frise
Chief Executive

The notes on pages 15 to 38 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Consolidated Statement of Changes in Reserves

For the year ended 28 February 2021

	Note	Accumulated Funds £	Statutory Reserves £	Total £
At 1 March 2019 (as previously stated)		1,266,041	368,487	1,634,528
Prior year adjustment	28	68,947	-	68,947
At 1 March 2019		1,334,988	368,487	1,703,475
Deficit on ordinary activities		826,828	-	826,828
Other comprehensive income		(1,990,460)	-	(1,990,460)
Total comprehensive income		(1,163,632)	-	(1,163,632)
At 29 February 2020		171,356	368,487	539,843
Surplus on ordinary activities		1,937,061	-	1,937,061
Other comprehensive income		625,709	-	625,709
Total comprehensive income		2,562,770	-	2,562,770
At 28 February 2021		2,734,126	368,487	3,102,613

The notes on pages 15 to 38 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Association Statement of Comprehensive Income
For the year ended 28 February 2021

	Note	2021 £	2020 £
Turnover	2	3,402,306	3,809,850
Cost of sales		(2,154,252)	(2,185,064)
Gross surplus		1,248,054	1,624,786
Administrative expenses		(1,412,541)	(1,847,206)
Other operating income		224,735	250,483
Operating surplus		60,248	28,063
Dividends from subsidiary undertaking	25	3,000,000	1,000,000
Dividends from associated undertaking	14	180,000	180,000
Fair value adjustment on investments in associated undertaking	14	(828,726)	(72,720)
Grant income		28,967	-
Interest receivable		-	1,972
Interest payable and similar charges	23	(223,000)	(302,000)
Surplus on ordinary activities before taxation		2,217,489	835,315
Tax credit on surplus on ordinary activities	10	411,833	68,563
Surplus on ordinary activities after taxation		2,629,322	903,878
Other comprehensive income			
Re-measurement in respect of the defined benefit scheme	23	772,480	(2,398,145)
Movements in related deferred tax provision	20	(146,771)	407,685
Total other comprehensive income		625,709	(1,990,460)
Total comprehensive income for the year		3,255,031	(1,086,582)

Association Statement of Changes in Reserves
For the year ended 28 February 2021

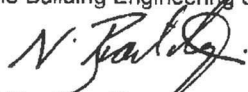
	2021 £	2020 £
At 1 March	(1,578,551)	(491,969)
Surplus on ordinary activities	2,629,322	903,878
Other comprehensive income	625,709	(1,990,460)
Total comprehensive income	3,255,031	(1,086,582)
At 28/29 February	1,676,480	(1,578,551)

The notes on pages 15 to 38 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Association Balance Sheet as at 28 February 2021

	Note	2021		2020	
		£	£	£	£
Assets					
Fixed Assets					
Investments in subsidiary undertakings	14		100,000		100,000
Investments in associate undertakings	14		6,022,134		6,850,860
			<u>6,122,134</u>		<u>6,950,860</u>
Current Assets					
Debtors: amounts falling due within one year	15	6,176,229		3,365,497	
Debtors: amounts falling due after more than one year	16	2,329,020		2,278,680	
Cash at bank and in hand	17	720		1,250	
			<u>8,505,969</u>		<u>5,645,427</u>
Total assets			<u>14,628,103</u>		<u>12,596,287</u>
Liabilities and equity					
Reserves					
Accumulated funds	21		1,676,480		(1,578,551)
Provisions for liabilities					
Pension scheme liability	23		12,258,000		13,404,000
Current liabilities					
Creditors: amounts falling due within one year	18		693,623		770,838
Total liabilities and equity			<u>14,628,103</u>		<u>12,596,287</u>

These financial statements were approved and authorised for issue by the Board on behalf of the Council of the Building Engineering Services Association on 1 July 2021.


N Brackenridge
 Chairman of the Board


D Frise
 Chief Executive

The notes on pages 15 to 38 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Cash Flow Statement
For the year ended 28 February 2021

	Note	2021		2020 Restated	
		£	£	£	£
Cash flows from operating activities					
Surplus on ordinary activities before taxation		1,904,470		873,395	
Adjustments for:					
Depreciation of tangible fixed assets	12	114,127		92,826	
Amortisation of intangible fixed assets	11	135,258		162,665	
Fair value gain on investment property	13	(20,000)		(20,000)	
Income from investment in associates		650,025		(121,361)	
Cash outflow from pension contributions		(596,519)		(879,146)	
Loss on disposal of fixed assets		3,015		26,758	
Operating cash flow before movement in working capital		2,190,376		135,137	
(Increase) / decrease in debtors	15	(1,715,115)		966,244	
Increase in creditors	18 19	1,026,588		420,245	
Interest received	7	(12,354)		(44,551)	
Interest payable	8	223,031		302,145	
Taxation (paid) / received		(2,372)		2,675	
Net cash inflow from operating activities			1,710,154		1,781,895
Cash flows from investing activities					
Payments to acquire tangible assets	12	(58,013)		(272,562)	
Payments to acquire intangible assets	11	(442,845)		(246,026)	
Dividends received from associates	14	180,000		180,000	
Proceeds from sale of tangible assets		300		-	
Net cash outflow from investing activities			(320,558)		(338,588)
Cash flows from financing activities					
Interest received		12,354		44,551	
Interest paid		(31)		(145)	
Net cash inflow from financing activities			12,323		44,406
Net increase in cash and cash equivalents			1,401,919		1,487,713
Cash and cash equivalents at the start of the year			5,312,807		3,825,094
Cash and cash equivalents at the end of the year			6,714,726		5,312,807
Cash and cash equivalents consists of:					
Cash at bank and in hand	17		6,714,726		5,314,995
Bank overdrafts included within creditors	18		-		(2,188)
Total cash and cash equivalents			6,714,726		5,312,807

The notes on pages 15 to 38 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

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:

Rotherwick House, 3 Thomas More St, St Katharine's & Wapping, London, E1W 1YZ

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
Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX

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.

The Association has taken advantage of the exemption permitted by FRS 102 to dispense with the presentation of a Statement of Cash Flows on the grounds that the Cash Flow statement prepared for the Group headed by the Association, and included within these financial statements, include the cash flows of the Association.

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 2021. 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 or when control passes.

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 25.

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 or assets of the Trust. Accordingly, the Board 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 2021

1.5 Going Concern

The financial statements have been prepared using the going concern basis. The report of the Board sets out our position in relation to Covid-19 (see page 2).

All reasonable scenarios have been carefully considered for a period of at least 12 months from the approval of these financial statements and in doing so the Board are confident that, even in the worst case scenario with the measures already implemented, the Group has sufficient cash to meet its liabilities and manage the impact of the pandemic.

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 2021

1.9 Intangible Fixed Assets (Continued)

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	10 years

The Directors have considered the useful economic life of software licenses included within Other to be equivalent to the term of the licence of that software, with an initial licence period of 10 years from December 2015. Any increases in the licence fees due to expansion will be amortised over the remainder of the initial licence period.

All other development expenditure within the group is expected to be a continuing improvement as general technological advancements render the initial development outdated within a short number of years. The Directors have considered the resulting lifespan of development (other than that which is directly attributable to software licences) 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% - 25% per annum

BUILDING ENGINEERING SERVICES ASSOCIATION
Notes to the Financial Statements
For the year ended 28 February 2021

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 2021

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 2021

1.16 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Group's accounting policies, the Board 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.
- **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.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

1.16 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

- *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 value of the investment in associate is also driven by the valuation of investment property held by the associate. The Group engaged independent valuation specialists to determine fair value at 28 February 2021. 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.
- *Deferred tax asset*
The directors exercise judgement in determining whether, and to what extent, a deferred tax asset should be recognised for tax losses and timing differences based upon the assessment of likely recoverability of the asset. The deferred tax asset is recognised on the basis of recoverability of tax losses over a four year period using the company's latest financial projections. Due to the length of time there can be a significant amount of economic uncertainty on the figures used.

2 Turnover

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

	2021	2020
	£	Restated £
Subscriptions	3,302,306	3,709,850
Welfare and other services	2,311,546	2,386,246
Training	1,216,554	1,180,848
Insurance	399,280	432,916
Letting of property	34,524	46,411
Registration	1,054,220	1,013,238
Subscriptions to online literature	3,196,616	2,808,406
Sale of technical literature	48,555	66,885
Other income	71,125	124,878
	<u>11,634,726</u>	<u>11,769,678</u>

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

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

	2021	2020
	£	£
Subscriptions and affiliations	3,277,407	3,566,519
Events	(3,401)	108,894
Other income	128,300	134,437
	<u>3,402,306</u>	<u>3,809,850</u>

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

BUILDING ENGINEERING SERVICES ASSOCIATION
Notes to the Financial Statements
For the year ended 28 February 2021

3 Employee Numbers

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

	2021	2020
The Association	27	48
Building Engineering Services Training Limited	12	11
Welplan Limited	79	55
	118	114

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 £341,755 (2020 - £326,667).

5 Operating Profit

The Group operating surplus is stated after charging:

	2021 £	2020 £
Turnover received from government bodies	(1,103,968)	(998,851)
Furlough income received	(178,474)	-
Rentals under operating leases		
• Land and buildings	-	13,690
• Other operating leases	48,589	49,164
Depreciation of tangible fixed assets	114,127	92,826
Amortisation of intangible fixed assets	135,258	162,665
Loss on disposal of fixed assets	3,015	26,758
Auditors remuneration		
• Audit services	81,976	88,167
• Tax compliance services	10,040	11,697
Fees paid to other auditors for subsidiary undertakings	18,900	21,852
	18,900	21,852

6 Income from Interests in Associated Undertakings

	2021 £	2020 £
Group		
Share of profits before taxation of Welfare Holdings Ltd	(1,299)	14,081
Share of profit/(loss) after taxation of Esca Estates Ltd	(648,726)	107,280
	(650,025)	121,361

7 Other Interest Receivable and Similar Income

	2021 £	2020 £
Group		
Bank interest	12,354	44,551
	12,354	44,551

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

8 Interest Payable and similar charges

	2021 £	2020 £
Group		
Net interest on Defined benefit pension scheme	223,000	302,000
Bank interest	31	145
	<u>223,031</u>	<u>302,145</u>

9 Pension Closure

The following income and expenditure relating to the closure of Welplan Pensions have been included in the Statement of Comprehensive Income in the year:

	2021 Group £	2020 Group £
Commercial consideration	1,149,561	-
Legal fees	(79,489)	(389,090)
Financial fees	(3,600)	(36,840)
Investment advice	-	(32,099)
Trustee costs	(71,025)	(63,691)
Communications	(63,381)	-
Salary related costs	(206,217)	(308,449)
Software termination	-	29,261
Fixed asset impairment	(45,074)	-
Errors	(95,631)	-
Insurance	(42,104)	-
	<u>543,040</u>	<u>(800,908)</u>

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Notes to the Financial Statements

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10 Tax on surplus on Ordinary Activities before Taxation

	2021 Group £	2021 Association £	2020 Group £	2020 Association £
a) Analysis of charge in period				
Current Tax				
Group Relief	-	(214,428)	-	(166,678)
Adjustments in respect of prior periods	2,125	(294)	-	-
Total current corporation tax	2,125	(214,722)	-	(166,678)
Deferred Tax				
Adjustment for taxation of property fair value surplus	7,250	-	3,400	-
Adjustment for un-utilised tax losses	155,145	-	(54,948)	-
Adjustment for pension liability movement through ordinary activities	(197,111)	(197,111)	98,115	98,115
Taxation charge / (credit) on deficit on ordinary activities	(32,591)	(411,833)	46,567	(68,563)
b) Reconciliation of factors affecting tax charge for year				
Surplus on ordinary activities before taxation	1,904,470	2,217,489	848,729	835,315
Surplus on ordinary activities by standard rate of corporation tax in the UK 19.00% (2020: 19.00%)	361,850	421,323	161,259	158,710
Effect of:				
Non-taxable income	(42,075)	(604,200)	(82,331)	(224,200)
Non-allowable expenditure	136,463	130,360	6,322	9,879
Adjustment for deferred tax	(222,714)	(197,111)	108,890	98,115
Prior year adjustment	3,177	(294)	-	-
Group Relief	-	214,428	-	166,678
Payment for Group Relief	-	(214,428)	-	(166,678)
Fixed asset differences	(5,696)	(3,994)	(60,850)	(4,648)
Prior year losses utilised	(264,955)	(157,917)	(98,447)	(98,447)
Deferred tax not recognised	1,359	-	34,145	14,449
Other movements	-	-	(22,420)	(22,420)
Taxation charge / (credit) on surplus on ordinary activities	(32,591)	(411,833)	46,567	(68,563)

Un-utilised tax losses for the Group at 28 February 2021 amounted to £5,771,138 (2020: £6,575,402).

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

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For the year ended 28 February 2021

11 Intangible Fixed Assets

The Group	Goodwill	Develop- ment Costs	Other	Total £
Cost				
At 1 March 2020	50,000	2,196,326	8,400	2,254,726
Additions	147,501	295,343	-	442,844
Disposals	-	(160,689)	(8,400)	(169,089)
At 28 February 2021	197,501	2,330,980	-	2,528,481
Amortisation				
At 1 March 2020	50,000	1,660,432	8,400	1,718,832
Charge for the year	-	135,258	-	135,258
Disposals	-	(160,689)	(8,400)	(169,089)
At 28 February 2021	50,000	1,635,001	-	1,685,001
Carrying amounts				
At 28 February 2021	147,501	695,979	-	843,480
At 29 February 2020	-	535,894	-	535,894

Development costs are internally generated software development costs of £126,746 (2020 - £230,801) and externally acquired to the Group of £168,598 (2020 - £15,225). Goodwill costs include the consolidation of Refcom Certification Ltd into the Group on 1 August 2020 by way of control on change of Directors. The amortisation charge for the year is included in the Statement of Comprehensive Income under the heading of Administrative Expenses and pension closure costs.

12 Tangible Fixed Assets

The Group	Freehold Property	Motor Vehicles	Equipment, Furniture & Fittings	Total £
Cost				
At 1 March 2020	1,396,115	11,864	384,823	1,792,802
Additions	7,595	-	50,418	58,013
Disposals	-	(11,864)	(63,491)	(75,355)
At 28 February 2021	1,403,710	-	371,750	1,775,460
Depreciation				
At 1 March 2020	222,990	11,864	137,254	372,108
Charge for year	19,786	-	94,341	114,127
Disposals	-	(11,864)	(60,176)	(72,040)
At 28 February 2021	242,776	-	171,419	414,195
Carrying amounts				
At 28 February 2021	1,160,934	-	200,331	1,361,265
At 29 February 2020	1,173,125	-	247,569	1,420,694

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

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

13 Investment Property

The Group	2021 £	2020 £
Fair value at 1 March	895,943	875,943
Fair value gains recognised in the Statement of Comprehensive Income	20,000	20,000
At 28/29 February	<u>915,943</u>	<u>895,943</u>

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

As at 28 February 2021, 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 £575,000 is held by a subsidiary. A formal valuation as at 28 February 2021 confirmed the value at that date to be £595,000. As a result, a gain of £20,000 has been added to the balance sheet value. The critical assumptions made in the valuation of the property were a market rent of £50,000 per annum, allowance for purchases costs of 4.7% and a yield in perpetuity rate of 8%.

The investment property with a value brought forward of £320,943 is a mixed use property and is held by a subsidiary. The fair value at 28 February 2021 was assessed by the directors of the subsidiary as being equal to historical cost. A formal valuation by a Chartered Surveyor as at 28 February 2021 confirmed the value at that date to be £320,000. As a result, no adjustment has been made to the balance sheet value.

14 Fixed Asset Investments

The Group	2021 £	2020 £
Interest in associated undertakings:		
As at 1 March	6,917,871	6,979,185
Share of (losses) / profits pre-tax	(600,101)	153,767
Share of tax	(49,677)	(35,081)
Less dividends received	(180,000)	(180,000)
As at 28/29 February	<u>6,088,093</u>	<u>6,917,871</u>

All above investments are unlisted.

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Notes to the Financial Statements

For the year ended 28 February 2021

14 Fixed Asset Investments (Continued)

The Association	2021		2020	
	Subsidiaries £	Associate £	Subsidiaries £	Associate £
Interest in subsidiary and associated undertakings:				
Cost / valuation at 1 March	100,000	6,850,860	100,000	6,923,580
Fair value adjustments to the Statement of Comprehensive Income	-	(828,726)	-	(72,720)
Cost / valuation at 28/29 February	100,000	6,022,134	100,000	6,850,860

Subsidiary undertakings are held at cost. Additional information in respect of subsidiary companies is set out in note 25 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 investment property and cash and therefore the Board consider this to be an appropriate measure of fair value. Additional information in respect of associated companies is set out in note 26 to these financial statements.

The valuation of the minority interest in Esca Estate Ltd is based upon the value of the investment property, Rotherwick House. Rotherwick House is occupied under two leasehold interests to the respective Shareholders of Esca Estates Ltd under leasehold interests of 21 years, expiring in 2038. The lease provides for periodic, upwards only, rent reviews and accordingly the net income method has been adopted as the basis of the valuation of the property, based on the anticipated future income under the existing leasehold interest. Under the terms of the lease there are no tenant incentives and, although there is a rolling six month tenant only break clause, the Board consider the future rental income under the existing tenancies to be both secure and fairly reflect the reasonable long term market rental value.

All above investments are unlisted.

15 Debtors: amounts falling due within one year

	2021		2020 Restated	
	Group £	Association £	Group £	Association £
Trade debtors	1,147,953	18,198	752,774	31,130
Amounts owed by subsidiary undertakings	-	5,735,876	-	3,035,661
Amounts owed by associated undertakings	21,292	142	35,113	1,102
Amounts owed by related undertakings	87,208	4,800	231,853	-
Prepayments and accrued income	738,847	402,299	680,372	292,894
Other debtors	1,851,040	14,914	431,113	4,710
	3,846,340	6,176,229	2,131,225	3,365,497

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

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements
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16 Debtors: amounts falling due after more than one year

	2021		2020	
	Group £	Association £	Group £	Association £
Deferred tax asset (see note 20)	2,420,831	2,329,020	2,525,636	2,278,680
	<u>2,420,831</u>	<u>2,329,020</u>	<u>2,525,636</u>	<u>2,278,680</u>

17 Cash at bank and in hand

	2021		2020	
	Group £	Association £	Group £	Association £
Unrestricted cash funds	6,714,726	720	5,314,995	1,250
	<u>6,714,726</u>	<u>720</u>	<u>5,314,995</u>	<u>1,250</u>

Analysis of Net Funds

	At 1 March 2020 £	Cashflow £	At 28 February 2021 £
Cash at bank	5,314,995	1,399,731	6,714,726
Bank overdrafts	(2,188)	2,188	-
	<u>5,312,807</u>	<u>1,401,919</u>	<u>6,714,726</u>

18 Creditors: amounts falling due within one year

	2021		2020	
	Group £	Association £	Group £	Association £
Bank overdraft ¹	-	-	2,188	-
Trade creditors	1,075,673	68,917	647,177	111,187
Amounts owed to subsidiary undertakings	-	34,134	-	33,392
Amounts owed to related undertakings	575,985	-	786,138	-
Taxation and social security	573,746	117,987	496,917	156,813
Other creditors	348,121	1,118	305,917	1,157
Accruals and deferred income	4,204,963	471,467	3,515,751	468,289
	<u>6,778,488</u>	<u>693,623</u>	<u>5,754,088</u>	<u>770,838</u>

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

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

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Notes to the Financial Statements
For the year ended 28 February 2021

19 Creditors: amounts falling due after more than one year

	2021		2020	
	Group £	Association £	Group £	Association £
Other creditors	15,000	-	15,000	-
	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>

20 Deferred Tax

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

	2021		2020	
	£	£	£	£
Tax on defined benefit pension scheme provision:				
At 1 March	2,278,680		1,969,110	
Movement on items charged to Statement of Comprehensive Income	-		(98,115)	
Movement charged to Other Comprehensive Income	50,340		407,685	
At 28/29 February (see note 16)		2,329,020		2,278,680
Tax on un-utilised tax losses:				
At 1 March	246,955		192,008	
Movement on items charged to Statement of Comprehensive Income	(155,144)		54,947	
At 28/29 February (see note 16)		91,811		246,955
Deferred Tax Asset		<u>2,420,831</u>		<u>2,525,635</u>
Tax on investment property fair value surplus:				
At 1 March	(29,327)		(25,927)	
Movement on items charged to Statement of Comprehensive Income	(7,250)		(3,400)	
At 28/29 February		(36,577)		(29,327)
Deferred Tax Liability		<u>(36,577)</u>		<u>(29,327)</u>
Total Deferred Tax provision at 28/29 February		<u>2,384,254</u>		<u>2,496,308</u>

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

	2021 £	2020 £
Timing differences on capital allowances	83,632	70,860
Tax losses not utilised	1,096,516	1,121,647
	<u>1,180,148</u>	<u>1,192,507</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

21 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.

22 Financial Instruments

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

	2021		2020	
	Group £	Association £	Group £	Association £
Equity investments:				
Investments in subsidiary undertakings	-	100,000	-	100,000
Investment in associate	-	6,022,134	-	6,850,860
	<u>-</u>	<u>6,122,134</u>	<u>-</u>	<u>6,950,860</u>

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:

	2021		2020	
	Group £	Association £	Group £	Association £
Trade debtors	1,147,953	18,198	752,774	31,130
Amounts owed by subsidiary undertakings	-	5,735,876	-	3,035,661
Amounts owed by associated undertakings	21,292	142	35,113	1,102
Amounts owed by related undertakings	87,208	4,800	231,853	-
	<u>1,256,453</u>	<u>5,759,016</u>	<u>1,019,740</u>	<u>3,067,893</u>

Financial liabilities that are debt instruments measured at amortised costs:

	2021		2020	
	Group £	Association £	Group £	Association £
Trade creditors	1,075,673	68,917	647,177	111,187
Amounts owed to subsidiary undertakings	-	34,134	-	33,392
Amounts owed to related undertakings	575,985	-	786,138	-
	<u>1,651,658</u>	<u>103,051</u>	<u>1,433,315</u>	<u>144,579</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

23 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 2021 was 52 (2020 – 50).

The assets of the scheme, which amounted to £15.4m at 28 February 2021 (2020 – £15.1m), 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 2018. 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 2021.

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 2017 (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 £596,520 (2020 – £879,145). The Group expects to contribute £614,415 to the scheme during the year to 28 February 2022 (2021 - £596,520).

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:

	2021 £'000	2020 £'000
Present value of funded obligation	(27,620)	(28,489)
Fair value of plan assets	15,362	15,085
Net liability	<u>(12,258)</u>	<u>(13,404)</u>

Analysis of amounts recognised in the Statement of Comprehensive Income:

	2021 £'000	2020 £'000
Net interest expense	<u>(223)</u>	<u>(302)</u>

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23 Pension Schemes (Continued)

Analysis of amounts recognised in Other Comprehensive Income:

	2021 £'000	2020 £'000
Return on plan asset (excluding amounts recognised as interest)	351	1,167
Actuarial changes	421	(3,565)
	<u>772</u>	<u>(2,398)</u>

Reconciliation of present value of plan liabilities:

	2021 £'000	2020 £'000
At 1 March	(28,489)	(24,972)
Interest cost	(478)	(667)
Benefits paid	926	715
Actuarial changes	421	(3,565)
At 28/29 February	<u>(27,620)</u>	<u>(28,489)</u>

Reconciliation of fair value of plan assets:

	2021 £'000	2020 £'000
At 1 March	15,085	13,389
Interest on assets	255	365
Return on plan asset (excluding amounts recognised as interest)	351	1,167
Employer contributions	597	879
Benefits paid	(926)	(715)
At 28/29 February	<u>15,362</u>	<u>15,085</u>

Composition of plan assets:

	2021 £'000	2020 £'000
Diversified Growth Funds	12,918	11,982
Liability Driven Investment	2,094	2,778
Annuities	118	118
Cash	232	207
	<u>15,362</u>	<u>15,085</u>

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23 Pension Schemes (Continued)

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

	2021	2020
Discount rates	1.90%	1.70%
Deferred pension revaluation	3.10%	2.80%
Future pension increases	3.00%	2.70%
Inflation assumption	3.10%	2.80%

Mortality assumptions – S2PMA L / S2PFA used for the 2021 valuation (2020: S2PMA L / S2PFA) with CMI 2018 (2020: CMI 2018) projections and long-term rate of improvement of 1.25% (2020: 1.25%) per annum.

Tax free cash – 75% of members are assumed to take the maximum tax-free cash available in the 2021 valuation and 75% of members are assumed to take the maximum tax-free cash available in the 2020 valuation.

Proportion married – 80% married at retirement or earlier death in both the 2020 and 2020 valuation. An allowance is made for the actual marital status for the largest pensioner liabilities.

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 2021 were £383,918 (2020 - £672,736). Contributions payable by subsidiary undertakings to the scheme for the year ended 28 February 2021 were £212,602 (2020 - £206,409). 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 £319,613 in the current year (2020 - £336,139). At 28 February 2021 there was £47,925 outstanding (2020 - £Nil).

24 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:

	2021	2020
	£	£
Within one year	50,000	50,000
Between two to five years	200,000	200,000
After five years	151,667	201,667
	401,667	451,667

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24 Operating Lease Commitments (Continued)

Group as Lessee

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

	2021		2020	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	129,475	48,906	129,475	43,042
Between two to five years	-	105,410	-	114,747
More than five years	-	-	-	13,825
	129,475	154,316	129,475	171,614

25 Additional Information on Subsidiary Undertakings

Subsidiary	Country of incorporation, registration and operation	Principal activity	% of ordinary shares held
B & ESA Limited ²	England ⁵	Holding company	100%
Welplan Limited	England ⁵	Administration of pension, welfare benefits and health insurance schemes	100% ¹
Piper Insurance Company Limited	Isle of Man ⁶	Insurance	100% ¹
Building Engineering Services Training Limited	England ⁵	Training	100% ¹
Piper Assessment Limited	England ⁵	Property ownership	100% ¹
Engineering Services Skillcard Limited	England ⁵	Registration of industry qualifications and skills	100% ¹
Building Engineering Services Competence Assessment Limited	England ⁵	Operation of competent persons schemes	100% ¹
Refcom Limited	England ⁵	Competence registration	100% ¹
Refcom Certification Limited ³	England ⁵	Competence registration	100% ⁷
BESA Publications Limited	England ⁵	Publications	100% ¹
Piper Training Limited	England ⁵	Training (previously dormant)	100% ¹
Welplan Holiday Pay Limited ³	England ⁵	Dormant	100% ¹
Welplan Investments Limited	England ⁵	Dormant	100% ¹
ECl Holiday Pay Limited ^{3,4}	England ⁵	Operation of holiday pay schemes	100% ¹
ECl Holiday Pay Investments Limited ⁴	England ⁵	Investment of holiday pay funds	100% ¹
H & V Welfare Limited	England ⁵	Dormant	100% ¹
RAD Training Limited	England ⁵	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 £3,000,000 (2020 - £1,000,000)

³ Limited by guarantee

⁴ UK subsidiaries taking advantage of the available audit exemptions set out within section 479A of the Companies Act.

⁵ Registered office – Old Mansion House, Eamont Bridge, Penrith, CA10 2BX

⁶ Registered office – Level 2, Samuel Harris House, 5-11 St Georges Street, Douglas, Isle of Man, IM1

⁷ Interest is due to control as BESA Group has the ability to appoint directors

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Notes to the Financial Statements
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26 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 Board is satisfied that no material distortion is caused by its Accounting Reference Date being different from that of the Association and Group.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2021

27 Related Party Transactions

The Board 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:

The Group	2021	2020
	£	£
Amounts included in turnover:		
Administration income, unclaimed holiday pay credits and interest	1,004,884	866,803
Amounts included in administration expenses:		
Rent, rates and service charges	398,611	386,537
Amounts included in debtors	21,292	38,980
Amounts included in creditors	247	-

- b) The undertakings listed below are considered by the Board 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
- TICl Sickness and Accident Scheme
- TICl Death Benefit Scheme
- ECI Sickness and Accident Scheme
- ECI Death Benefit Scheme

- Refcom Certification Ltd is an accreditation body and limited company for which a subsidiary of the Group acted as administrator. Due to a change of directors on 1 August 2020, Refcom Certification Ltd was consolidated in to the Group by way of control.

BUILDING ENGINEERING SERVICES ASSOCIATION
Notes to the Financial Statements
For the year ended 28 February 2021

27 Related Party Transactions (Continued)

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

The Group	2021		2020	
	£	£	£	£
Amounts included in turnover:				
Administration income	1,524,749		1,560,029	
Insurance premiums	1,365,733		1,505,927	
		<u>2,890,482</u>		<u>3,065,956</u>
Amounts included in cost of sales:				
Insurance claims		1,032,560		688,760
		<u>1,032,560</u>		<u>688,760</u>
Amounts included in overheads		13,500		21,852
		<u>13,500</u>		<u>21,852</u>
Amounts included in debtors		82,408		227,986
		<u>82,408</u>		<u>227,986</u>
Amounts included in creditors		575,739		786,138
		<u>575,739</u>		<u>786,138</u>

A subsidiary of the Group also collected cash on behalf of schemes administered by their Trustee, Welplan Ltd, to the value of £2,287,810 (2020 - £2,594,314) for the year. The balance not yet transferred as at 28 February 2021 was £210,718 (2020 - £163,492) and is included within the creditor balance above.

- c) Engineering Services Training Trust Limited is considered by the Board to be a related party of the Group by virtue of the Association's influence upon the organisation. A summary of the aggregate transactions which have been undertaken by the Group is as follows:

The Group	2021	2020
	£	£
Amounts included in other income:		
Grant income	12,133	44,074
	<u>12,133</u>	<u>44,074</u>
Amounts included in debtors	4,800	-
	<u>4,800</u>	<u>-</u>

- 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	2021	2020
	£	£
Amounts included in turnover:		
Subscriptions	214,934	259,482
	<u>214,934</u>	<u>259,482</u>

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

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2021

28 Prior year adjustment

The adjustment related to a change in the treatment of the VAT status of an element of the sales from Exempt to Standard rated in the subsidiary Piper Training Ltd. This adjustment amended the partial exemption recovery calculation and reduced the negative opening reserves at 1 March 2019 and increased other debtors by £68,947. There was also a further reduction of the loss in the year ended 29 February 2020 and increase of other debtors of £24,666. There is no tax implication as the amendment has been offset against prior year tax losses.

Accounting policies

(see notes 35 & 36)

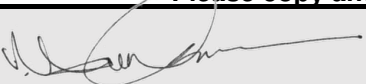



Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature:		Chairman's Signature:	
			(or other official whose position should be stated)
Name:	Mark Oakes	Name:	David Frise - Chief Executive
Date:	23.07.2021	Date:	23.07.2021

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	X	No	
Has the list of officers been completed? (see Page 2A)	Yes	X	No	
Has the return been signed? (see Note 37)	Yes	X	No	
Has the auditor's report been completed? (see Note 41)	Yes	X	No	
Is the rule book enclosed? (see Note 39)	Yes	X	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	X	No	

Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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)

Please explain in your report overleaf or attached.

2. 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 explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:


In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

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 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Signature(s) of auditor or auditors:		
Name(s):	Mrs J Gray On Behalf of	
	Armstrong Watson Audit Limited	
Profession(s) or Calling(s):	Chartered Accountants and Statutory Auditor	
Address(es)	Fairview House, Victoria Place Carlisle CA1 1HP	
Date:	26-7-21	
Contact name for enquiries and telephone number:	Joanna Gray 01228 690200	

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