

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 2022		
List No:	043/E		
Head or Main Office:	Rotherwick House		
	3 Thomas More St.		
	St. Katherine'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 send the annual return to the following address stating the name of the union in subject:

returns@certoffice.org

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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
1,036	36		1	1,073

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

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
3,302,306	From Members	Subscriptions, levies, etc	3,006,595	3,006,595
	Investment income	Interest and dividends (gross)		
12,354		Bank interest (gross)	1,214	1,214
		Other (specify)		
-650,025		Gain/(loss) from interest in associates	125,427	125,427
		Total Investment Income	126,641	126,641
-637,671				
34,524	Other Income	Rents received	47,226	47,226
399,280		Insurance commission	412,421	412,421
		Consultancy fees		
		Publications/Seminars		
		Miscellaneous receipts (specify)		
1,216,554		Training Agency	1,894,178	1,894,178
6,682,062		Welfare and other services	7,660,344	7,660,344
190,607		Grant income	8,494	8,494
20,000		Gain arising on FV of Investment	69,057	69,057
8,543,027		Total of other income		10,091,720
11,207,662		Total income		13,224,956
		Interfund Transfers IN		
	Expenditure			
5,386,890	Administrative expenses	Remuneration and expenses of staff	5,442,974	5,442,974
522,693		Occupancy costs	476,058	476,058
304,467		Printing, Stationery, Post	277,928	277,928
		Telephones		
1,813,820		Legal and Professional fees	2,299,270	2,299,270
		Miscellaneous (specify)		
128,039		Publicity	385,950	385,950
455,812		College fees and grants payable	346,903	346,903
82,943		Travel and Motor expenses	174,850	174,850
246,541		Insurance Claims Paid	460,804	460,804
		Total of Admin expenses		9,864,737
8,941,205				
40,693	Other Charges	Bank charges	49,038	49,038
249,385		Depreciation	234,208	234,208
47,493		Sums written off	82,116	82,116
165,270		Affiliation fees	115,432	115,432
		Donations		
39,065		Conference and meeting fees	73,182	73,182
137,074		Expenses	216,684	216,684
		Miscellaneous (specify)		
3,015		(Profit)/Loss on sale of Fixed Assets	1,206	1,206
223,031		Finance Cost	228,000	228,000
-772,480		Actuarial (gain)/loss	-727,585	-727,585
-543,040		Exceptional expenses	445,416	445,416
-410,494		Total of other charges		717,697
114,180		Taxation	-208,053	-208,053
8,644,891		Total expenditure		10,374,381
		Interfund Transfers OUT		
2,562,771		Surplus/Deficit for year		2,850,575
539,842		Amount of fund at beginning of year		3,102,613
3,102,613		Amount of fund at end of year		5,953,188

Balance Sheet as at [28 February 2022]

(see notes 19 and 20)

Previous Year		£	£
1,361,265	Fixed Assets (as at Page 8)	1,291,129	1,291,129
	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		
6,088,093	Unquoted (Market value £) as at Page 9		6,034,468
	Total Investments	6,034,468	6,034,468
	Other Assets		
6,267,171	Sundry debtors	5,016,827	5,016,827
6,714,726	Cash at bank and in hand	9,772,726	9,772,726
	Stocks of goods		
	Others (specify)		
843,480	Intangible assets	1,119,772	
915,943	Investment Property	985,000	
22,190,678	Total of other assets	16,894,325	16,894,325
	Total Assets		24,219,922
3,102,613	Revenue Account/ General Fund	5,953,188	
	Revaluation Reserve		
	Liabilities		
	Bank Overdraft		
573,746	Tax Payable	669,554	
2,014,779	Sundry Creditors	1,819,382	
4,204,963	Accrued Expenses	4,568,406	
36,577	Provisions - Deferred Tax	65,392	
12,258,000	Other Liabilities - Pension Liability	11,144,000	
19,088,065		Total Liabilities	18,266,734
22,190,678		Total Assets	24,219,922

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period	1,160,934	200,331		1,361,265
Additions during period		41,578		41,578
Less: Disposals		-1,206		-1,206
Less: Depreciation	-28,062	-82,446		-110,508
Total to end of period	1,132,872	158,257		1,291,129
Book Amount at end of period	1,132,872	158,257		1,291,129
Freehold	1,132,871			1,132,871
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets	1,132,872	158,257		1,291,129

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	61,919
	Esca Estates Limited - Interest in associate	5,972,549
	Total Unquoted (as Balance Sheet)	6,034,468
	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
-----	--	----	----------

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	3,006,595	3,006,595
From Investments	126,641	126,641
Other Income (including increases by revaluation of assets)	10,091,720	10,091,720
Total Income	13,224,956	13,224,956
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	10,374,381	10,374,381
Funds at beginning of year (including reserves)	3,102,613	3,102,613
Funds at end of year (including reserves)	5,953,188	5,953,188
ASSETS		
Fixed Assets		1,291,129
Investment Assets		6,034,468
Other Assets		16,894,325
Total Assets		24,219,922
Liabilities		
Total Liabilities		18,266,734
Net Assets (Total Assets less Total Liabilities)		5,953,188

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

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:	18 July 2022	Date:	18 July 2022

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 2022 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:	18-07-2022	
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.

BUILDING ENGINEERING SERVICES ASSOCIATION

Annual report and financial statements
For the year ended 28 February 2022

BUILDING ENGINEERING SERVICES ASSOCIATION

Annual Report and Financial Statements

For the year ended 28 February 2022

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BUILDING ENGINEERING SERVICES ASSOCIATION

Annual Report and Financial Statements

For the year ended 28 February 2022

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 Fletcher - Fife Council
A Gregory - IAQ Consultancy Services Ltd
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

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
Victoria Place
Carlisle
CA1 1HP

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2022

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 2022.

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

Throughout the past year, the Covid-19 pandemic continued to present challenges to BESA, its membership, the industry, and the wider economy.

The Board is pleased to report that, despite the ongoing, high levels of uncertainty, BESA was able to withstand the impact of the pandemic, continuing to provide valuable and sustainable services to members and customers of the Group. The Group continues to benefit from efficiencies introduced as a result of the Covid-19 pandemic. Turnover increased by 12% to £13,020,763 largely as a result of continued growth and expansion of the SFG20 business. The surplus from ordinary activities before taxation remained at a similar level to 2020/21 at £1,914,934 as we began to see overheads increase due to the lifting of the travel and social restrictions that had been in place.

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 through a focus on CPD and certification training. 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 requirements that arise from the Building Safety Act.

Following a period of review of processes, pricing and communications, Welplan remains 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 in the coming years.

Since 2019 there has been an increased focus on growing SFG20 revenues following recognition of the unique product and market potential. SFG20 is a business with immense potential arising from untapped domestic markets, particularly given the role it can play in meeting the requirements of the Building Safety Act which is introducing a raft of regulatory changes that the sector will need to comply with. Additionally, SFG20 also has international markets that will be targeted in future (currently international clients approach the business reactively) as well as further growth in large-scale enterprise agreements that include consultancy services.

The Board anticipate that the business environment will remain uncertain in the coming year. They believe the group is in a good financial position and that the key risks and uncertainties have been identified and are being well managed.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2022

Events after the end of the Reporting Period

Following the balance sheet date, the directors have agreed and implemented a restructure to the Group to enable it to fulfil its strategic objectives. This involved the transfer of the share capital of BESA Publications Limited and Refcom Limited from Welplan Limited to the B&ESA Limited.

Principal Risks and Uncertainties

The principal business risks affecting the Group are:

- Financial
- Brexit
- Covid-19
- New entrants to the market
- Staff retention
- War in Ukraine – market volatility significant market volatility

Financial

In common with any member organisation, there is a risk of 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.

Brexit

Brexit remains one of the most significant economic events for the UK, impacting on the construction sector and the wider 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.

New entrants to the market

For commercial subsidiaries in the Group there is a risk of increased activity by competitors operating in our marketplace.

Staff retention

A change in work patterns following the Covid-19 pandemic means that organisations are now competing for talent nationally, making it more difficult and costly to attract and retain talent.

The war in Ukraine

The Russia-Ukraine conflict has triggered turmoil in the financial markets, and drastically increased uncertainty about the recovery of the global economy.

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.

BUILDING ENGINEERING SERVICES ASSOCIATION

Report of the Board

For the year ended 28 February 2022

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 £101,863 (2021 - £126,746) and externally acquired to the Group of £298,129 (2021 - £168,598).

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.

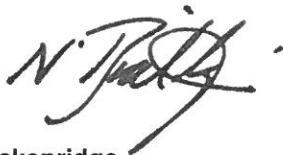
The Council is also required by the Constitution to ensure that proper accounting records are kept that are sufficient to show and explain the Association’s transactions and disclose with reasonable accuracy at any time the financial position of the Association and Group. It is also responsible for safeguarding 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.

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: 7 July 2022

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 page 4, 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 association, such as the certifications, 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; and
- investigated the rationale behind significant or unusual transactions.

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: *18 July 2022*

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Statement of Comprehensive Income
For the year ended 28 February 2022


	Note	2022 £	2021 £
Turnover	2	13,020,763	11,634,726
Cost of sales		(4,371,740)	(3,954,532)
Gross surplus		8,649,023	7,680,194
Administrative expenses		(6,263,655)	(5,665,654)
Operating surplus	5	2,385,368	2,014,540
Gain arising on fair value of investment property	13	69,057	20,000
Grant income		8,494	190,607
Profit / (loss) from interests in associated undertakings	6	125,427	(650,025)
Loss on disposal of fixed assets		(1,206)	(3,015)
Other interest receivable and similar income	7	1,213	12,354
Interest payable and similar charges	8	(228,000)	(223,031)
Pension closure	9	-	543,040
Exceptional expense	10	(445,416)	-
Surplus on ordinary activities before taxation		1,914,937	1,904,470
Tax (charge) / credit on surplus on ordinary activities	11	389,949	32,591
Surplus on ordinary activities after taxation		2,304,886	1,937,061
Other comprehensive income			
Re-measurement in respect of the defined benefit scheme	24	727,585	772,480
Movements in related deferred tax provision	21	(181,896)	(146,771)
Total other comprehensive income		545,689	625,709
Total comprehensive income for the year		2,850,575	2,562,770

The notes on pages 14 to 37 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Balance Sheet as at 28 February 2022

	Note	2022		2021	
		£	£	£	£
Assets					
Fixed Assets					
Intangible assets	12		1,119,772		843,480
Tangible assets	13		1,291,129		1,361,265
Investment property	14		985,000		915,943
Fixed asset investments	15		6,034,468		6,088,093
			9,430,369		9,208,781
Current Assets					
Debtors: amounts falling due within one year	16	2,230,827		3,846,340	
Debtors: amounts falling due after more than one year	17	2,786,000		2,420,831	
Cash at bank and in hand	18	9,772,726		6,714,726	
			14,789,553		12,981,897
Total assets			24,219,922		22,190,678
Liabilities and equity					
Reserves					
Accumulated funds	22	5,584,701		2,734,126	
Statutory reserves	22	368,487		368,487	
			5,953,188		3,102,613
Provisions for liabilities					
Pension scheme liability	24	11,144,000		12,258,000	
Deferred taxation	21	65,392		36,577	
			11,209,392		12,294,577
Current liabilities					
Creditors: amounts falling due within one year	19	7,042,342		6,778,488	
Creditors: amounts falling due after more than one year	20	15,000		15,000	
			7,057,342		6,793,488
Total liabilities and equity			24,219,922		22,190,678

These financial statements were approved and authorised for issue by the Board on behalf of the Council of the Building Engineering Services Association on 7 July 2022.


N Braekenridge
 Chairman of the Board


D Frise
 Chief Executive

The notes on pages 14 to 37 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Consolidated Statement of Changes in Reserves

For the year ended 28 February 2022

	Accumulated Funds £	Statutory Reserves £	Total £
At 1 March 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 29 February 2021	2,734,126	368,487	3,102,613
Surplus on ordinary activities	2,304,886	-	2,304,886
Other comprehensive income	545,689	-	545,689
Total comprehensive income	2,850,575	-	2,850,575
At 28 February 2022	5,584,701	368,487	5,953,188

The notes on pages 14 to 37 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Association Statement of Comprehensive Income
For the year ended 28 February 2022

	Note	2022 £	2021 £
Turnover	2	3,106,595	3,402,306
Cost of sales		(2,115,655)	(2,154,252)
Gross surplus		990,940	1,248,054
Administrative expenses		(1,588,946)	(1,412,541)
Other operating income		218,980	224,735
Operating (loss) / surplus		(379,026)	60,248
Dividends from subsidiary undertaking	26	1,500,000	3,000,000
Dividends from associated undertaking	15	180,000	180,000
Fair value adjustment on investments in associated undertaking	14	(49,585)	(828,726)
Grant income		4,250	28,967
Interest payable and similar charges	8 24	(228,000)	(223,000)
Surplus on ordinary activities before taxation		1,027,639	2,217,489
Tax credit on surplus on ordinary activities	11	835,346	411,833
Surplus on ordinary activities after taxation		1,862,985	2,629,322
Other comprehensive income			
Re-measurement in respect of the defined benefit scheme	24	727,585	772,480
Movements in related deferred tax provision	21	(181,896)	(146,771)
Total other comprehensive income		545,689	625,709
Total comprehensive income for the year		2,408,674	3,255,031

Association Statement of Changes in Reserves
For the year ended 28 February 2022

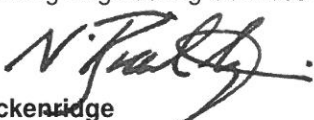
	2022 £	2021 £
At 1 March	1,676,480	(1,578,551)
Surplus on ordinary activities	1,862,985	2,629,322
Other comprehensive income	545,689	625,709
Total comprehensive income	2,408,674	3,255,031
At 28 February	4,085,154	1,676,480

The notes on pages 14 to 37 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Association Balance Sheet as at 28 February 2022

	Note	2022		2021	
		£	£	£	£
Assets					
Fixed Assets					
Investments in subsidiary undertakings	15		100,000		100,000
Investments in associate undertakings	15		5,972,549		6,022,134
			<u>6,072,549</u>		<u>6,122,134</u>
Current Assets					
Debtors: amounts falling due within one year	16	7,001,462		6,176,229	
Debtors: amounts falling due after more than one year	17	2,786,000		2,329,020	
Cash at bank and in hand	18	100,338		720	
			<u>9,887,800</u>	<u>8,505,969</u>	
Total assets			<u>15,960,349</u>	<u>14,628,103</u>	
Liabilities and equity					
Reserves					
Accumulated funds	22		4,085,154		1,676,480
Provisions for liabilities					
Pension scheme liability	24		11,144,000		12,258,000
Current liabilities					
Creditors: amounts falling due within one year	19		731,195		693,623
Total liabilities and equity			<u>15,960,349</u>	<u>14,628,103</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 7 July 2022.


N Brackenridge
 Chairman of the Board


D Frise
 Chief Executive

The notes on pages 14 to 37 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION
Consolidated Cash Flow Statement
For the year ended 28 February 2022

	Note	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Surplus on ordinary activities before taxation		1,914,937		1,904,470	
<u>Adjustments for:</u>					
Depreciation of tangible fixed assets	13	110,508		114,127	
Amortisation of intangible fixed assets	12	123,700		135,258	
Fair value gain on investment property	14	(69,057)		(20,000)	
(Income) / cost from investment in associates		(126,375)		650,025	
Cash outflow from pension contributions		(614,415)		(596,519)	
Loss on disposal of fixed assets		1,206		3,015	
Operating cash flow before movement in working capital		1,340,504		2,190,376	
decrease / (increase) in debtors	16	1,615,513		(1,715,115)	
Increase in creditors	19 20	135,553		1,026,588	
Interest received	7	(1,213)		(12,354)	
Interest payable	8	228,000		223,031	
Taxation paid		-		(2,372)	
Net cash inflow from operating activities			3,318,357		1,710,154
Cash flows from investing activities					
Payments to acquire tangible assets	13	(41,578)		(58,013)	
Payments to acquire intangible assets	12	(399,992)		(442,845)	
Dividends received from associates	15	180,000		180,000	
Proceeds from sale of tangible assets		-		300	
Net cash outflow from investing activities			(261,570)		(320,558)
Cash flows from financing activities					
Interest received		1,213		12,354	
Interest paid		-		(31)	
Net cash inflow from financing activities			1,213		12,323
Net increase in cash and cash equivalents			3,058,000		1,401,919
Cash and cash equivalents at the start of the year			6,714,726		5,312,807
Cash and cash equivalents at the end of the year			9,772,726		6,714,726
Cash and cash equivalents consists of:					
Cash at bank and in hand	18		9,772,726		6,714,726
Total cash and cash equivalents			9,772,726		6,714,726

The notes on pages 14 to 37 form part of these financial statements.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2022

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
8th Floor, Windsor House, 50 Victoria Street, London, SW1H 0TL
www.gov.uk/government/organisations/certification-officer

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 2022. 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 26.

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 2022

1.5 Going Concern

The financial statements have been prepared using the going concern basis.

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, the Group has sufficient cash to meet its liabilities.

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 2022

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
Goodwill	10 years

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	2% 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 2022

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 2022

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 2022

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 2022

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 2022. 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:

	2022 £	2021 £
Subscriptions	3,006,595	3,302,306
Welfare and other services	1,910,334	2,311,546
Training	1,894,178	1,216,554
Insurance	412,421	399,280
Letting of property	47,225	34,524
Registration	1,257,412	1,054,220
Subscriptions to online literature	4,337,328	3,196,616
Sale of technical literature	38,808	48,555
Other income	116,462	71,125
	<u>13,020,763</u>	<u>11,634,726</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:

	2022 £	2021 £
Subscriptions and affiliations	2,966,625	3,277,407
Events	26,005	(3,401)
Other income	113,965	128,300
	<u>3,106,595</u>	<u>3,402,306</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 2022

3 Employee Numbers

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

	2022	2021
The Association	23	27
Building Engineering Services Training Limited	14	12
Welplan Limited	75	79
	112	118

4 Members' Remuneration

	2022	2021
Members' emoluments	351,911	349,172
Contributions to pension scheme	33,748	30,099
	385,659	379,271

The highest paid member received remuneration of £223,002 (2021 - £212,931). The value of contributions paid into a pension scheme in respect of the highest paid director was £20,197 (2021 - £19,826).

The members are also the key management personnel of the group.

5 Operating Profit

The Group operating surplus is stated after charging:

	2022 £	2021 £
Turnover received from government bodies	(1,646,112)	(1,103,968)
Furlough income received	(4,244)	(178,474)
Rentals under operating leases		
• Other operating leases	48,908	48,589
Depreciation of tangible fixed assets	110,508	114,127
Amortisation of intangible fixed assets	123,700	135,258
Loss on disposal of fixed assets	1,206	3,015
Auditors remuneration		
• Audit services	77,202	81,976
• Tax compliance services	12,481	10,040
Fees paid to other auditors for subsidiary undertakings	5,400	18,900
	5,400	18,900

6 Income from Interests in Associated Undertakings

	2022 £	2021 £
Group		
Share of profits before taxation of Welfare Holdings Ltd	(4,988)	(1,299)
Share of profit/(loss) after taxation of Esca Estates Ltd	130,415	(648,726)
	125,427	(650,025)

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

7 Other Interest Receivable and Similar Income

	2022 £	2021 £
Group		
Bank interest	1,213	44,551

8 Interest Payable and similar charges

	2022 £	2021 £
Group		
Net interest on Defined benefit pension scheme	228,000	223,000
Bank interest	-	31
	<u>228,000</u>	<u>223,031</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:

	2022 Group £	2021 Group £
Commercial consideration	-	1,149,561
Legal fees	-	(79,489)
Financial fees	-	(3,600)
Trustee costs	-	(71,025)
Communications	-	(63,381)
Salary related costs	-	(206,217)
Fixed asset impairment	-	(45,074)
Errors	-	(95,631)
Insurance	-	(42,104)
	<u>-</u>	<u>543,040</u>

10 Exceptional Expense

	2022 Group £	2021 Group £
Welfare scheme contribution	445,416	-
	<u>445,416</u>	<u>-</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

11 Tax on surplus on Ordinary Activities before Taxation

	2022 Group £	2022 Association £	2021 Group £	2021 Association £
a) Analysis of charge in period				
Current Tax				
Corporation tax payable	128,301	-	-	-
Group Relief	-	(220,906)	-	(214,428)
Group Relief – adjustment of prior periods	-	24,436	-	-
Adjustments in respect of prior periods	-	-	2,125	(294)
Total current corporation tax	128,301	(196,470)	2,125	(214,722)
Deferred Tax				
Adjustment for taxation of property fair value surplus	28,815	-	7,250	-
Adjustment for un-utilised tax losses	91,811	-	155,145	-
Adjustment for pension liability movement through ordinary activities	(638,876)	(638,876)	(197,111)	(197,111)
Taxation charge / (credit) on deficit on ordinary activities	(389,949)	(835,346)	(32,591)	(411,833)
b) Reconciliation of factors affecting tax charge for year				
Surplus on ordinary activities before taxation	1,914,937	1,027,639	1,904,470	2,217,489
Surplus on ordinary activities by standard rate of corporation tax in the UK 19.00% (2021: 19.00%)	363,838	195,251	361,850	421,323
Effect of:				
Non-taxable income	(3,456)	(319,200)	(42,075)	(604,200)
Non-allowable expenditure	(13,263)	(20,786)	136,463	130,360
Adjustment for deferred tax	(623,182)	(638,876)	(222,714)	(197,111)
Prior year adjustment	-	24,436	3,177	(294)
Group Relief	-	178,684	-	214,428
Payment for Group Relief	-	(178,684)	-	(214,428)
Fixed asset differences	(5)	(3,275)	(5,696)	(3,994)
Prior year losses utilised	(205,692)	(72,896)	(264,955)	(157,917)
Deferred tax not recognised	91,811	-	1,359	-
Taxation charge / (credit) on surplus on ordinary activities	(389,949)	(835,346)	(32,591)	(411,833)

Un-utilised tax losses for the Group at 28 February 2022 amounted to £5,651,644 (2021: £5,771,138).

In May 2021 the UK Parliament substantively enacted an increase in the rate of Corporation tax to 25% which will apply from 1 April 2023.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements For the year ended 28 February 2022

12 Intangible Fixed Assets

The Group	Goodwill	Develop- ment Costs	Total £
Cost			
At 1 March 2021	197,501	2,330,980	2,528,481
Additions	-	399,992	399,992
Disposals	-	(840,348)	(840,348)
At 28 February 2022	197,501	1,890,624	2,088,125
Amortisation			
At 1 March 2021	50,000	1,635,001	1,685,001
Charge for the year	-	123,700	123,700
Disposals	-	(840,348)	(840,348)
At 28 February 2022	50,000	918,353	968,353
Carrying amounts			
At 28 February 2022	147,501	972,271	1,119,772
At 28 February 2021	147,501	695,979	843,480

Development costs additions are internally generated software development costs of £101,863 (2021 - £126,746) and externally acquired to the Group of £298,129 (2021 - £168,598). The amortisation charge for the year is included in the Statement of Comprehensive Income under the heading of Administrative Expenses.

13 Tangible Fixed Assets

The Group	Freehold Property	Equipment, Furniture & Fittings	Total £
Cost			
At 1 March 2021	1,403,710	371,750	1,775,460
Additions	-	41,578	41,578
Disposals	-	(31,308)	(31,308)
At 28 February 2022	1,403,710	382,020	1,785,730
Depreciation			
At 1 March 2021	242,776	171,419	414,195
Charge for year	28,062	82,446	110,508
Disposals	-	(30,102)	(30,102)
At 28 February 2022	270,838	223,763	494,601
Carrying amounts			
At 28 February 2022	1,132,872	158,257	1,291,129
At 28 February 2021	1,160,934	200,331	1,361,265

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 2022

14 Investment Property

The Group	2022	2021
	£	£
Fair value at 1 March	915,943	895,943
Fair value gains recognised in the Statement of Comprehensive Income	69,057	20,000
At 28 February	<u>985,000</u>	<u>915,943</u>

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

As at 28 February 2022, 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 £595,000 is held by a subsidiary. A formal valuation as at 28 February 2022 confirmed the value at that date to be £635,000. As a result, a gain of £40,000 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 7.5%.

The investment property with a value brought forward of £320,943 is a mixed use property and is held by a subsidiary. A formal valuation as at 28 February 2022 confirmed the value at that date to be £350,000. As a result, a gain of £29,057 has been added to the balance sheet value.

15 Fixed Asset Investments

The Group	2022	2021
	£	£
Interest in associated undertakings:		
As at 1 March	6,088,093	6,917,871
Share of profits / (losses) pre-tax	188,668	(600,101)
Share of tax	(62,293)	(49,677)
Less dividends received	(180,000)	(180,000)
As at 28 February	<u>6,034,468</u>	<u>6,088,093</u>

All above investments are unlisted.

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

15 Fixed Asset Investments (Continued)

The Association	2022		2021	
	Subsidiaries £	Associate £	Subsidiaries £	Associate £
Interest in subsidiary and associated undertakings:				
Cost / valuation at 1 March	100,000	6,022,134	100,000	6,850,860
Fair value adjustments to the Statement of Comprehensive Income	-	(49,585)	-	(828,726)
Cost / valuation at 28 February	100,000	5,972,549	100,000	6,022,134

Subsidiary undertakings are held at cost. Additional information in respect of subsidiary companies is set out in note 26 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 27 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.

16 Debtors: amounts falling due within one year

	2022		2021	
	Group £	Association £	Group £	Association £
Trade debtors	1,057,792	46,758	1,147,953	18,198
Amounts owed by subsidiary undertakings	-	6,739,912	-	5,735,876
Amounts owed by associated undertakings	15,878	-	21,292	142
Amounts owed by related undertakings	76,130	-	87,208	4,800
Prepayments and accrued income	658,724	212,356	738,847	402,299
Other debtors	422,303	2,436	1,851,040	14,914
	2,230,827	7,001,462	3,846,340	6,176,229

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

For the year ended 28 February 2022

17 Debtors: amounts falling due after more than one year

	2022		2021	
	Group £	Association £	Group £	Association £
Deferred tax asset (see note 21)	2,786,000	2,786,000	2,420,831	2,329,020
	<u>2,786,000</u>	<u>2,786,000</u>	<u>2,420,831</u>	<u>2,329,020</u>

18 Cash at bank and in hand

	2022		2021	
	Group £	Association £	Group £	Association £
Unrestricted cash funds	9,772,726	100,338	6,714,726	720
	<u>9,772,726</u>	<u>100,338</u>	<u>6,714,726</u>	<u>720</u>

Analysis of Net Funds

	At 1 March 2021	Cashflow	At 28 February 2022
	£	£	£
Cash at bank	6,714,726	3,058,000	9,772,726
	<u>6,714,726</u>	<u>3,058,000</u>	<u>9,772,726</u>

19 Creditors: amounts falling due within one year

	2022		2021	
	Group £	Association £	Group £	Association £
Trade creditors	992,717	131,300	1,075,673	68,917
Amounts owed to subsidiary undertakings	-	28,103	-	34,134
Amounts owed to related undertakings	553,330	-	575,985	-
Taxation and social security	669,554	72,027	573,746	117,987
Other creditors	258,335	1,764	348,121	1,118
Accruals and deferred income	4,568,406	498,001	4,204,963	471,467
	<u>7,042,342</u>	<u>731,195</u>	<u>6,778,488</u>	<u>693,623</u>

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

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements
For the year ended 28 February 2022

20 Creditors: amounts falling due after more than one year

	2022		2021	
	Group £	Association £	Group £	Association £
Other creditors	15,000	-	15,000	-
	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>

21 Deferred Tax

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

	2022		2021	
	£	£	£	£
Tax on defined benefit pension scheme provision:				
At 1 March	2,329,020		2,278,680	
Movement charged to Statement of Comprehensive Income	638,876		197,111	
Movement charged to Other Comprehensive Income	(181,896)		(146,771)	
At 28 February (see note 17)		2,786,000		2,329,020
Tax on un-utilised tax losses:				
At 1 March	91,811		246,956	
Movement on items charged to Statement of Comprehensive Income	(91,811)		(155,145)	
At 28 February (see note 17)		-		91,811
Deferred Tax Asset		<u>2,786,000</u>		<u>2,420,831</u>
Tax on investment property fair value surplus:				
At 1 March	(36,577)		(29,327)	
Movement on items charged to Statement of Comprehensive Income	(28,815)		(7,250)	
At 28 February		(65,392)		(36,577)
Deferred Tax Liability		<u>(65,392)</u>		<u>(36,577)</u>
Total Deferred Tax provision at 28 February		<u>2,720,608</u>		<u>2,384,254</u>

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

	2022 £	2021 £
Timing differences on capital allowances	-	83,632
Tax losses not utilised	1,412,911	1,096,516
	<u>1,412,911</u>	<u>1,180,148</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

22 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.

23 Financial Instruments

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

	2022		2021	
	Group £	Association £	Group £	Association £
Equity investments:				
Investments in subsidiary undertakings	-	100,000	-	100,000
Investment in associate	-	5,972,549	-	6,022,134
	-	6,072,549	-	6,122,134

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:

	2022		2021	
	Group £	Association £	Group £	Association £
Trade debtors	1,057,792	46,758	1,147,953	18,198
Amounts owed by subsidiary undertakings	-	6,739,912	-	5,735,876
Amounts owed by associated undertakings	15,878	-	21,292	142
Amounts owed by related undertakings	76,130	-	87,208	4,800
	1,149,800	6,786,670	1,256,453	5,759,016

Financial liabilities that are debt instruments measured at amortised costs:

	2022		2021	
	Group £	Association £	Group £	Association £
Trade creditors	915,717	131,300	1,075,673	68,917
Amounts owed to subsidiary undertakings	-	28,103	-	34,134
Amounts owed to related undertakings	553,330	-	575,985	-
	1,469,047	159,403	1,651,658	103,051

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

24 Pension Schemes

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

Defined benefit scheme – 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 2022 was 55 (2021 – 52).

The assets of the scheme, which amounted to £15.3m at 28 February 2022 (2021 – £15.4m), 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 2021. 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 2024.

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 £732,847 for the year ended 28 February 2023, increasing to £850,000 in the year ended 29 February 2024 and £1,500,000 for the year ended 28 February 2025 increasing by 8% per annum thereafter for a period set to expire on 31 August 2030.

Excluding scheme expenses, employer contributions in respect of the Scheme deficit, amounted to £614,415 (2021 – £596,520). The Group expects to contribute £732,847 to the scheme during the year to 28 February 2023 (2022 - £614,415).

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:

	2022 £'000	2021 £'000
Present value of funded obligation	(26,442)	(27,620)
Fair value of plan assets	15,298	15,362
Net liability	<u>(11,144)</u>	<u>(12,258)</u>

Analysis of amounts recognised in the Statement of Comprehensive Income:

	2022 £'000	2021 £'000
Net interest expense	<u>(228)</u>	<u>(223)</u>

BUILDING ENGINEERING SERVICES ASSOCIATION
Notes to the Financial Statements
For the year ended 28 February 2022

24 Pension Schemes (Continued)

Analysis of amounts recognised in Other Comprehensive Income:

	2022 £'000	2021 £'000
Return on plan asset (excluding amounts recognised as interest)	(100)	351
Actuarial changes	828	421
	<u>728</u>	<u>772</u>

Reconciliation of present value of plan liabilities:

	2022 £'000	2021 £'000
At 1 March	(27,620)	(28,489)
Interest cost	(517)	(478)
Benefits paid	867	926
Actuarial changes	828	421
At 28 February	<u>(26,442)</u>	<u>(27,620)</u>

Reconciliation of fair value of plan assets:

	2022 £'000	2021 £'000
At 1 March	15,362	15,085
Interest on assets	289	255
Return on plan asset (excluding amounts recognised as interest)	(100)	351
Employer contributions	614	597
Benefits paid	(867)	(926)
At 28 February	<u>15,298</u>	<u>15,362</u>

Composition of plan assets:

	2022 £'000	2021 £'000
Diversified Growth Funds	5,643	12,918
Equity Linked Bonds	7,389	-
Liability Driven Investment	1,939	2,094
Annuities	112	118
Cash	215	232
	<u>15,298</u>	<u>15,362</u>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

24 Pension Schemes (Continued)

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

	2022	2021
Discount rates	2.65%	1.90%
Deferred pension revaluation	3.75%	3.10%
Future pension increases	3.45%	3.00%
Inflation assumption	3.75%	3.10%

Mortality assumptions – S3PMA L / S3PFA used for the 2022 valuation (2021: S2PMA L / S2PFA) with CMI 2020 (2021: CMI 2018) projections and long-term rate of improvement of 1.25% (2021: 1.25%) per annum.

Tax free cash – 75% of members are assumed to take the maximum tax-free cash available in the 2022 valuation and 75% of members are assumed to take the maximum tax-free cash available in the 2021 valuation.

Proportion married – 80% married at retirement or earlier death in both the 2022 and 2021 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 2022 were £395,436 (2021 - £383,918). Contributions payable by subsidiary undertakings to the scheme for the year ended 28 February 2022 were £218,980 (2021 - £212,602). 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 £348,476 in the current year (2021 - £319,613). At 28 February 2022 there was £81,566 outstanding (2021 - £47,925).

25 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:

	2022 £	2021 £
Within one year	50,000	50,000
Between two to five years	200,000	200,000
After five years	101,667	151,667
	<hr/>	<hr/>
	351,667	401,667
	<hr/>	<hr/>

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

25 Operating Lease Commitments (Continued)

Group as Lessee

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

	2022		2021	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	129,475	59,438	129,475	48,906
Between two to five years	-	85,499	-	105,410
After five years	-	-	-	-
	<u>129,475</u>	<u>144,937</u>	<u>129,475</u>	<u>154,316</u>

26 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
ECI Holiday Pay Limited ^{3,4}	England ⁵	Operation of holiday pay schemes	100% ¹
ECI 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 £1,500,000 (2021 - £3,000,000)

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

For the year ended 28 February 2022

27 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

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28 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	2022	2021
	£	£
Amounts included in turnover:		
Administration income, unclaimed holiday pay credits and interest	982,314	1,004,884
Amounts included in administration expenses:		
Rent, rates and service charges	195,016	398,611
Amounts included in debtors	15,878	21,292
Amounts included in creditors	948	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
 - TICI Sickness and Accident Scheme
 - TICI Death Benefit Scheme
 - ECI Welfare Benefit Scheme
 - ECI Death Benefit Scheme

BUILDING ENGINEERING SERVICES ASSOCIATION

Notes to the Financial Statements

For the year ended 28 February 2022

28 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	2022		2021	
	£	£	£	£
Amounts included in turnover:				
Administration income	830,170		1,524,749	
Insurance premiums	1,521,966		1,365,733	
		<u>2,352,136</u>		<u>2,890,482</u>
Amounts included in cost of sales:				
Insurance claims		<u>1,396,973</u>		<u>1,032,560</u>
Amounts included in overheads		-		<u>13,500</u>
Amounts included in debtors		<u>76,130</u>		<u>82,408</u>
Amounts included in creditors		<u>552,382</u>		<u>575,739</u>

A subsidiary of the Group also collected cash on behalf of schemes administered by their Trustee, Welplan Ltd, to the value of £2,120,255 (2021 - £2,287,810) for the year. The balance not yet transferred as at 28 February 2022 was £164,122 (2021 - £210,718) 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	2022	2021
	£	£
Amounts included in other income:		
Grant income	<u>4,250</u>	<u>12,133</u>
Amounts included in debtors	<u>-</u>	<u>4,800</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	2022	2021
	£	£
Amounts included in turnover:		
Subscriptions	<u>189,800</u>	<u>214,934</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 2022

29 Post Balance Sheet Events

Following the balance sheet date, the directors have agreed and implemented a restructure to the Group to enable it to fulfil its strategic objectives. This involved the transfer of the share capital of BESA Publications Limited and Refcom Limited from Welplan Limited to the B&ESA Limited.