

ENGINEERING SERVICES TRAINING TRUST LIMITED
(a company limited by guarantee)

Registered No. 02674888
Charity Registration No. 1007703

Annual report and financial statements
For the year ended 28 February 2023

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Annual Report and Financial Statements
For the year ended 28 February 2023

CONTENTS

| | |
|-------|------------------------------------|
| 1 | Company Information |
| 2-5 | Report of the Trustees |
| 6-9 | Report of the Independent Auditors |
| 10 | Statement of Financial Activities |
| 11 | Balance Sheet |
| 12 | Statement of Cash Flows |
| 13-18 | Notes to the Financial Statements |

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Annual Report and Financial Statements
For the year ended 28 February 2023

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Board of Trustees | S A Hardy M C James S Chenia L C Gillespie |
| Secretary | S A Hardy |
| Nominating Bodies | The Building Engineering Services Association B&ESA Ltd |
| Registered Office | Old Mansion House Eamont Bridge Penrith Cumbria CA10 2BX |
| Company Number | 02674888 |
| Charity Registration Number | 1007703 |
| Independent Auditor | Armstrong Watson Audit Limited James Watson House Montgomery Way Rosehill Carlisle CA1 2UU |
| Bankers | Lloyds TSB 5-6 King Street Penrith Cumbria CA11 7AP |
| Investment Fund Providers | Cazenove Capital Management Schroder & Co Limited 1 London Wall Place London EC2Y 5AU |

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Trustees

For the year ended 28 February 2023

The Trustees submit their report together with the audited financial statements for the year ended 28 February 2023. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Name and Registered Office of Charity

The name of the charity is Engineering Services Training Trust Limited. Its registered office is:

Old Mansion House, Eamont Bridge, Penrith, Cumbria, CA10 2BX

and its principal operating address is:

Rotherwick House, 3 Thomas More Street, Saint Katharine's & Wapping, London, E1W 1YZ.

Constitution and Registration

The charity was formed as a company limited by guarantee on 31 December 1991; is governed by the terms of its Memorandum and Articles of Association; and is registered with the Charity Commission.

Objectives and Activities

The charity was established to promote and advance, for the public benefit, the education and training of persons employed or intending to be employed in building engineering services and related industries, in the UK and elsewhere. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its activities.

The Trustees are satisfied that the reported or expected benefits of the funding the charity has provided meet their required success criteria.

Organisation of the Charity

The charity's operations are controlled by the Board of Trustees, responsible for the legal, statutory and financial obligations. In particular the Board is responsible for:

- the overall control, monitoring and review of the policies, responsibilities and activities of the charity;
- approval of specific quantifiable objectives in line with the aims of the charity;
- approval of plans to meet objectives;
- monitoring progress towards the objectives;
- defining roles of operation in respect of financial procedures, controls and limits of authority; and
- setting criteria and benchmarks for investment fund policies and management.

As the charity has no directly employed staff, support services are provided as required by The Building Engineering Services Association. In the opinion of the Trustees, the value of these services is not sufficiently material to require disclosure in the financial statements as a gift in kind.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Trustees For the year ended 28 February 2023

Trustees

The Trustees of the charity during the year were:

S A Hardy
M C James
S Chenia
L C Gillespie

The Trustees had no financial interest in either the charity or in any material contract during the year relating to the activities of the charity.

Key management personnel are deemed to be the Trustees. No Trustee receives any remuneration.

Appointment and Induction of Trustees

Trustees are appointed by the nominating bodies, The Building Engineering Services Association and B&ESA Limited, in accordance with the charity's Memorandum and Articles of Association, as and when required in order to maintain an effective balance of knowledge and relevant experience. In addition to general induction, training for new Trustees will be provided where necessary on charity, legal and financial matters.

Statement of Trustees' Responsibilities

The Trustees, who are also the directors of Engineering Services Training Trust Limited for the purposes of company law, are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Investment Powers

The Memorandum and Articles of Association of the charity place no restrictions on the power of investment of the Trustees.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Trustees

For the year ended 28 February 2023

Risk Management

In the opinion of the Trustees, the only major risk to which the charity could be exposed is that the value of its investments could reduce through significant market turmoil or by fraud. They believe that both of these issues are covered by the placement of the charity's funds, other than working capital, with a reputable fund manager selected after careful review.

The Trustees are satisfied that internal risks, which could derive from the selection of projects or unauthorised bank payments have been minimised by the various policies, procedures and mandates which are in place and regularly reviewed.

The Trustees continue to assess the potential implications of the United Kingdom withdrawing from the European Union. Although there is an appreciation that there is a level of uncertainty associated with this, no significant direct implications are expected.

Reserves Policy

Accumulated funds are invested as outlined in the financial statements and the general policy is that returns on these investments will be used to fund charitable activities. Neither this, nor the capital benchmark which the Trustees use to monitor reserves, is a financial limit and the policy of the Trustees is that, subject to rigorous review criteria being met, the charity's funds and reserves should be used in a manner where and when they can provide maximum benefit within its objectives.

The value of the Unrestricted General Fund at 28 February 2023 was £2,877,794 (2022: £2,871,360).

The Trustees' capital benchmark at 28 February 2023 was £3,158,800 (2022: £2,980,000), reflecting a deficit of £281,006 (2022: £108,640). The Trustees are satisfied that, as investment income covers administrative expenses, the deficit against the benchmark is due to unrealised losses which they believe can reasonably be expected to be recovered in the longer term.

Review of Income and Expenditure

The charity's principal funding source is the income which it receives from listed investments. At £110,080, the investment income received was higher compared to the previous year's figure of £93,061. In the current year, the charity has provided funding of £68,675 (2022 £23,950). The Charity has funded £63,650 to the Building Engineering Services Association for the Catapult project to undertake research to identify the key changes needed to achieve competence in the industry and £24,300 of funding to perform a review of Apprenticeship standards. During the year unclaimed grants totaling £19,275 were written off as the funding was no longer required. Taking into account the overall total of grants provided or authorised in the year resulting in net income before investment activity of £30,760 for the year (2022 – £56,457). After losses on investments of £24,326 (2022 – gain of 151,759), there was a net increase in funds of £6,434 (2022 – 208,216).

Review of Developments and Future Prospects

The Trustees have decided that the charity will continue to act as a charity for the benefit of training in building engineering services and other related industries. It will seek actively to support initiatives and projects that are consistent with its Memorandum and Articles of Association. This policy will be the subject of regular review to ensure that the most appropriate use of the charity's funds is being made.

Related parties

Related party transactions are fully disclosed within note 14 to the financial statements.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Trustees For the year ended 28 February 2023

Public Benefit statement

The Trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Investments

Details of the investment transactions in the year are set out in note 9 to the financial statements.

Statement as to Disclosure of Information to Auditor

In so far as the Trustees are aware at the time of approving the Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the charity's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Armstrong Watson Audit Limited have expressed their willingness to continue in office. A resolution to reappoint them in accordance with Section 485 of the Companies Act 2006 will be put to the annual general meeting.

This report has been prepared in accordance with the Small Companies regime of the Companies Act 2006.

By order of the Board



M C James
Trustee

Date: 10 November 2023

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Independent Auditors For the year ended 28 February 2023

Opinion

We have audited the financial statements of Engineering Services Training Trust Limited (the 'charitable company') for the year ended 28 February 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 28 February 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2003.

Basis for opinion

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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.

We have nothing to report in this regard.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Independent Auditors For the year ended 28 February 2023

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

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:

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.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Independent Auditors For the year ended 28 February 2023

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:

The extent to which the audit was considered capable of detecting irregularities including fraud.

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 assessed the extent of compliance with the laws and regulations identified as key to the entity 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 charity'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;
- 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 the funding bodies and the charity'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.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Report of the Independent Auditors For the year ended 28 February 2023

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Joanna Gray (Senior Statutory Auditor)

for and on behalf of Armstrong Watson Audit Limited
Chartered Accountants and Statutory Auditor
James Watson House
Montgomery Way
Rosehill
Carlisle
CA1 2UU
Date 13-11-2023

ENGINEERING SERVICES TRAINING TRUST LIMITED
(a company limited by guarantee)

Statement of Financial Activities
For the year ended 28 February 2023

| | Note | Unrestricted Funds 2023 £ | Unrestricted Funds 2022 £ |
|---|-------------|--|--|
| Income | | | |
| Investment income | 2 | 110,080 | 93,061 |
| Total | | 110,080 | 93,061 |
| Expenditure | | | |
| Raising funds | 3 | (5,537) | (8,015) |
| Charitable activities | 4 | (73,783) | (28,589) |
| Total | | (79,320) | (36,604) |
| Net income before gains and losses on investments | | 30,760 | 56,457 |
| Net (losses) / gains on investments | 8 | (24,326) | 151,759 |
| Net movement in funds | | 6,434 | 208,216 |
| Fund balance brought forward | | 2,871,360 | 2,663,144 |
| Fund balance carried forward | 11 | 2,877,794 | 2,871,360 |

All gains and losses recognised in the year are included above.

The notes on pages 13 to 18 form part of these financial statements

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Balance Sheet as at 28 February 2023

Registered No 02674888

| | Note | 2023 £ | 2022 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Investments | 9 | 2,704,274 | 2,624,858 |
| Current assets | | | |
| Cash at bank and in hand | | 244,513 | 317,613 |
| | | <u>244,513</u> | <u>317,613</u> |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 10 | (70,993) | (71,111) |
| | | <u>173,520</u> | <u>246,502</u> |
| Net current assets | | | |
| | | <u>2,877,794</u> | <u>2,871,360</u> |
| Total assets less current liabilities | | | |
| | | <u>2,877,794</u> | <u>2,871,360</u> |
| Funds | | | |
| Unrestricted General fund (including revaluation reserve) | 12 | <u>2,877,794</u> | <u>2,871,360</u> |

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

The financial statements were approved and authorised for issue by the board on 10 November 2023 and signed on its behalf.



M C James
Trustee

The notes on pages 13 to 18 form part of these financial statements

ENGINEERING SERVICES TRAINING TRUST LIMITED
(a company limited by guarantee)

Statement of Cash Flows
For the year ended 28 February 2023

| | Note | 2023 | 2022 |
|---|------|-----------|-----------|
| | | £ | £ |
| Cash flows from operating activities | | | |
| Net movement in funds | | 6,434 | 208,216 |
| Decrease Increase in creditors | 10 | (118) | (37,409) |
| Loss / (gains) on investments | | 24,326 | (151,759) |
| Net cash inflow from operating activities | | 30,642 | 19,048 |
| Cash flows from investing activities | | | |
| Investment income reinvested in the fund | 9 | (110,080) | (93,061) |
| Proceeds from sale of investments | | 6,338 | 4,347 |
| Net cash outflow from investing activities | | (103,742) | (88,714) |
| Net decrease in cash and cash equivalents | | (73,100) | (69,666) |
| Cash and cash equivalents at the start of the year | | 317,613 | 387,279 |
| Cash and cash equivalents at the end of the year | | 244,513 | 317,613 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 244,513 | 317,613 |

The notes on pages 13 to 18 form part of these financial statements

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Notes to the Financial Statements For the year ended 28 February 2023

1 Accounting Policies

1.1 General Information

Engineering Services Training Trust Limited ('the charity') is a charitable company limited by guarantee incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is:

Old Mansion House, Eamont Bridge, Penrith, Cumbria, CA10 2BX

and its principal place of operation:

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

The charity was established to promote and advance, for the public benefit, the education and training of persons employed or intending to be employed in building engineering services and related industries, in the UK and elsewhere. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its activities.

These financial statements have been presented in pound sterling which is the functional currency of the charity.

1.2 Basis of Preparation

The charity is a public benefit entity and the financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost, as modified by the revaluation of investments to market value.

1.3 Investment Income

Investment income is included in the Statement of Financial Activities when it is declared by the investment manager. Bank interest is included in the Statement of Financial Activities on a receivable basis.

1.4 Fund Accounting

Unrestricted general funds represent funds, which are expendable at the discretion of the Trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

1.5 Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Raising funds – investment management fees;
- Grants payable – amounts granted to individuals or institutions in relation to the charity's primary purpose; and
- Other – amounts which do not fall into any other heading.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Notes to the Financial Statements For the year ended 28 February 2023

1.6 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.7 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

1.8 Financial Instruments

Financial assets and liabilities are recognised when the charity becomes party to the contractual provisions of the financial instrument. The charity holds only basic financial instruments, which comprise cash and cash equivalents, 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.

Financial liabilities – classified as basic financial instruments

- *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.

1.9 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the charity's accounting policies, the Trustees 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.

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Notes to the Financial Statements For the year ended 28 February 2023

1.10 Taxation

The company is considered to pass the tests set out in Sch. 6, para. 1 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Pt. 11, Ch. 3 of the Corporation Tax Act 2010 or s. 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Going Concern

The financial statements have been prepared on a going concern basis. The Trustees, having considered the financial position of the charity for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the charity to continue as a going concern.

Accordingly, the Trustees have a reasonable expectation that the charity will continue in operational existence and thus they adopt the going concern basis of accounting in preparing the financial statements.

2 Investment Income

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|--|---------------------------|---------------------------|
| Distributions from UK listed investments | 110,080 | 93,061 |
| | <u>110,080</u> | <u>93,061</u> |

3 Raising Funds

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|-------------------|---------------------------|---------------------------|
| Professional fees | 5,537 | 8,015 |
| | <u>5,537</u> | <u>8,015</u> |

4 Charitable Activities

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|----------------------|---------------------------|---------------------------|
| Direct Costs | | |
| Grants payable | 68,675 | 23,950 |
| Support costs | | |
| Audit fees | 4,926 | 4,434 |
| Bank charges | 182 | 205 |
| | <u>73,783</u> | <u>28,589</u> |

5 Information Regarding Trustees

No Trustee received or waived any remuneration, fees or expenses from the charity during the year (2022 - £nil).

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Notes to the Financial Statements For the year ended 28 February 2023

6 Staff Costs

No staff costs were incurred directly by the charity during the year (2022 - £nil). The entity had no employees in the current or prior period.

7 Corporation Tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

8 (Losses) / Gains on Investment assets

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|------------------|---------------------------|---------------------------|
| Realised gains | 198 | 239 |
| Unrealised gains | (24,524) | 151,520 |
| | <u>(24,326)</u> | <u>151,759</u> |

9 Fixed Asset Investments

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|---|---------------------------|---------------------------|
| Listed investments (at valuation): | | |
| Market value at 1 March | 2,624,858 | 2,384,385 |
| Additions | 110,080 | 93,061 |
| Disposals | (6,338) | (4,108) |
| Unrealised net investment (loss) / gain | (24,326) | 151,520 |
| | <u>2,704,274</u> | <u>2,624,858</u> |
| Market value at 28 February | | |
| | <u>2,704,274</u> | <u>2,624,858</u> |
| Cost at 28 February | <u>2,268,231</u> | <u>2,164,291</u> |

Each of the investments included in the above, represents more than 5% of the total market value as follows at the end of the period:

| | | Market Value 2023 £ | | Market Value 2022 £ |
|-----------------------------|--------|------------------------------|-------|------------------------------|
| Cazenove Charity UCITS Fund | 31.43% | 904,540 | 31.5% | 827,061 |
| Cazenove Charity NURS Fund | 62.54% | 1,799,734 | 68.5% | 1,797,797 |

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Notes to the Financial Statements For the year ended 28 February 2023

10 Creditors falling due within one year

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|----------------|---------------------------|---------------------------|
| Grants payable | 66,313 | 65,721 |
| Accruals | 4,680 | 5,390 |
| | <u>70,993</u> | <u>71,111</u> |

11 Analysis of Funds

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|----------------------------------|---------------------------|---------------------------|
| Unrestricted general fund | | |
| At 1 March | 2,871,360 | 2,663,144 |
| Income | 110,080 | 93,061 |
| Expenditure | (79,320) | (36,604) |
| Investment gains | (24,326) | 151,759 |
| | <u>2,877,794</u> | <u>2,871,360</u> |
| At 28 February | | |

12 Analysis of Net Assets

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|---------------------------|---------------------------|---------------------------|
| Unrestricted funds | | |
| Investments | 2,704,274 | 2,624,858 |
| Cash at bank | 244,513 | 317,613 |
| Net current liabilities | (70,993) | (71,111) |
| | <u>2,877,794</u> | <u>2,871,360</u> |

13 Financial Instruments

Financial assets that are debt instruments measured at amortised costs:

| | Unrestricted 2023 £ | Unrestricted 2022 £ |
|--------------------------|---------------------------|---------------------------|
| Cash at bank and in hand | <u>244,513</u> | <u>317,613</u> |

14 Related Party Transactions

The Building Engineering Services Association (BESA) and its subsidiaries are considered by the Trustees to be related parties of the charity.

During the year grants of £68,675 (2022: £23,950) were agreed for projects within BESA by the charity. At the year end, grants as yet unclaimed by BESA amounted to £65,400 (2022: £63,221).

ENGINEERING SERVICES TRAINING TRUST LIMITED

(a company limited by guarantee)

Notes to the Financial Statements **For the year ended 28 February 2023**

15 Legal Status of the Charity

The charity is incorporated as a company limited by guarantee, having no share capital. In accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 28 February 2023 and 29 February 2022 there were two members as follows:

The Building Engineering Services Association, a registered trade and employers association operating in the United Kingdom. Certification office number 043/E.

B&ESA Limited, a company registered in England 00852809, The Company is the parent company of a group of companies who operate in the building services industry.

Consolidated accounts for both entities are available from Old Mansion House, Eamont Bridge, Penrith, Cumbria, CA10 2BX.

16 Controlling Party

The Building Engineering Services Association (BESA) has the power to appoint six out of a maximum of eight Trustees.

The charity has no ultimate controlling party due to no individual having control over BESA.