

ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

COMPANY INFORMATION

DIRECTORS

M Riley
D Beddell
L Brett (appointed 12 July 2021)
L Hawkins (appointed 1 January 2021)
N Humphrey (appointed 1 January 2021)
S Keyes (appointed 1 January 2021)
P Reilly (resigned 6 May 2021)
G Hunt (resigned 31 December 2020)
H Vickers (resigned 2 July 2021)
C Wenger (resigned 25 August 2020)
D Barwell (resigned 31 December 2020)
M Naysmith (resigned 31 December 2020)
R Robinsion
R Jeffs
R Sudan
S Hale
S Innes
M Arthur (resigned 6 October 2020)
G Hughes
C Huntbatch

COMPANY SECRETARY

L Brett

REGISTERED NUMBER

00132142

REGISTERED OFFICE

10 Temple Back
Bristol
BS1 6FL

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

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**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

Association for Consultancy and Engineering (ACE) is the leading UK business association for consultancy and engineering companies working in the natural and built environment. ACE provides benefits and services to its members, facilitates business opportunities for them, and seeks to resolve the challenges they face. ACE also facilitates commercial relationships through its affiliate and strategic partnership programme for the benefit of members.

VISION AND MISSION

Vision: ACE's vision is to be acknowledged as the single unified voice and the business association of choice for organisations providing professional consultancy services in the built and natural environment.

Mission: ACE promotes the critical contribution that professional consultants, working in the built and natural environment, make to the nation's developing infrastructure. ACE listens to its members, understands the issues affecting them and their clients and takes the lead in representing their interests to decision makers and opinion formers in government, client organisations and the media.

BUSINESS REVIEW

Impact of Covid 19 Pandemic

ACE successfully delivered an expanded range of membership engagements during 2020 despite the Government mandated restrictions. ACE's external engagement activity has transformed to become completely digital. With staff and stakeholders in lock down the focus for member engagement and representation has been to ensure member's needs are expressed to gov't and clients through the CLC, CIC, Infrastructure Alliance and others. In this way we held weekly and in some cases daily contact with No.10, HMT, BEIS, DfT, Cabinet Office, Scottish and Welsh Executives alongside Highways England, Homes England, Network Rail, HS2, Transport for the North, the LGA, Mayor of London, TFL, Mayor of Greater Manchester, and TFGM.

Working with HMT, ACE was highly active in reviewing and consulting for getting the job retention scheme approved, the VAT deferral, the statutory sick pay relief package for SME's, the SME grant and the business interruption loan scheme.

As the year progressed our activity focused on engaging with clients and gov't to deal with the long term economic fallout of Covid-19. ACE has been central to the construction industries media campaigns, was part of No.10 advisory group for the approval of HS2, has lead the way with industry webinars, played a leading part in the development of the industry recovery plan, a review of bank lending procedures for gov't assistance and the phased reduction of the furlough scheme.

Head office accommodation changes and staff restructure mid way through 2020 have set the group up well for 2021 in terms of having the right capability and a sustainable model financially.

Media Coverage

ACE continued to engage the media on behalf of its members, promoting the interests of the sector to a wide audience. Our leadership or association with the Construction Playbook and Consultancy Playbook were prominent with over 400 media mentions in 2020 – more than doubling our exposure from 2019.

Digital Communication and Social Media

Email open rates continued to deliver strongly and, at an average of 22.5% are above the industry average. A key target for 2021 will be for digital communications to maintain these levels of engagement and relevant quality content as lockdown restrictions ease across the Industry.

Social Media use and engagement increased in 2020 and is likely to increase further in 2021. A key aim will be to link to the social media users within member organisations to further expand readership and engagement.

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Website

Following the redevelopment of the website in 2018, the website continues to be the primary communication channel for ACE. It registered a 15% year-on-year increase in unique visitors in 2020, to in excess of 106,000.

Large Consultancy Group / SME Forum

Each group met regularly during the year with sessions capturing vital feedback for the Policy work with CLC and Government. Work continued with the affiliates on webinars, giving advice for Member companies. The programme of webinars on Navigating Covid 19 has proven extremely successful – in raising profile of ACE, supplying support to members and in attendance numbers.

Emerging Professionals group

The group was particularly active in the year and the research, consultation and publication of the Future of the Workplace was one particular highlight. This supported the Future of Consultancy Campaign and was used successfully in a number of member webinars and events.

National/Regional activities

ACE has part-time managers for the devolved nations (Scotland, Wales and Northern Ireland). These three devolved nations, together with the North West, Northern and Midlands regions, has a chair and committee. Many of these groups met very regularly during 2020 providing members with near real time feedback on government guidance as well as business help and guidance in respect of Government financial support or guidance through best practice application of the Job Retention Scheme (Furlough) as well as helping the industry coordinate the protection of skills.

Membership

Membership numbers held strongly in 2020, growing slightly from the 2019 numbers. Engagement levels were high through the online webinars programme.

New Membership marketing collateral is designed, and work continues on redefining the Member offering, particularly for SME members, with a view to the renewal process which will be crucial this year. Direct Debits will be utilised more widely and proposals are being considered on immediate benefits and approach to membership pricing.

Legal and Commercial group

The group continues to address the legal, commercial liability and risk management issues which impact on member businesses. It also provides a strong platform to raise the profile and represent members' interests within the construction and engineering industries.

HR Taskforce group

The employment of Claire Clifford during the year strengthened this group and our focus will move to a greater external engagement and support to members around HR topics in 2021.

Future of Consultancy

Whilst impacted by the pandemic the overall programme has continued to develop and has gained momentum in many areas.

- Governance –The FoC has reconvened to take stock of the priorities and set out the proposed themes and structure for 2021 and beyond during October. This has shaped the corporate plan and board member recruitment process. The priority for 2021 is to move the board to a more active programme oversight role co-ordinating and steering the work of the thematic groups. We have also sought to join up with similar industry wide initiatives on exports and future skills through the CLC.
- Research
 - Skills –The Future of the Workplace report led by the Emerging Professionals has been launched with a strong virtual event supported by industry leaders and the Construction Minister. The findings from this research will be used as the basis for the corporate plan themes on evolving the culture of the workplace, this will be jointly delivered by the Future Skills and Emerging Professional going forwards.
 - Innovation – The digital transformation group are concluding their research into the maturity of technology currently available to businesses which will conclude during December for launch early in the new year.

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

- Business Models – the confirmation of the CIH programme has meant that the Business Models work has now been fully resourced as part of the wider CIH programme. There will be an FoC output in the form a consultancy services structure/catalogue to be published early in 2021 along with a rollout plan for the wider value toolkit.

Technical Apprenticeship Consortium (TAC)

ACE continues to support TAC as it has done since 2012. The development of apprenticeship degrees has boosted the apprentice intake across the intake, however 2020 has provided many challenges in providing meaningful real time experience.

As we head to 2021 the full costs of running TAC fall to ACE (ICE provided significant support for TAC in 2020). A priority for the 2021 programme will be to explore the remit of TAC and ensure resources are focused on areas of best value to members.

Corporate Plan for 2021

Following a Board review an updated Corporate Plan for ACE has been produced. The aim of the corporate plan is to set out the vision, mission and priority topics for ACE over the coming 3 years. It provides the framework for how we will ensure performance and structure the offering and interfaces/groups members can get involved with.

The following significant changes have been incorporated into the Corporate Plan,

- Supporting members
 - ◆ Establishment of virtual 'leadership forums' to evolve the SME & LCG groups making them virtual to encourage wider membership engagement with fewer number but more significant in person events during the year (circa 2)
 - ◆ Creation of the new 'global consultancy leadership forum' to recognise the need for peer to peer support for the very largest consultancy businesses
- Voice of Consultancy
 - ◆ Rationalisation of the SIGs into more open and dynamic communities from which subgroups can be drawn for specific policy interventions
 - ◆ Introduction of the quarterly virtual policy forum to give all members the chance to keep up to date on relevant policy developments and learn more about how Government policy making works
 - ◆ Creation of a new pipeline and procurement group, focused on improving the pipeline visibility and undertaking market sounding support to clients
 - ◆ Combining existing SIGs to work under Places and Mobility themes to give better co-ordination of their work
- Future of Consultancy
 - ◆ FoC Board shifts it's focus to overseeing the FoC change programme with 2 objectives – to increase client awareness/appetite for new services and to develop industry capability to deliver them
 - ◆ Creation of the new future markets champion to increase client awareness of future services and generate 'pull'
- Board operations
 - ◆ VCs more vocal and visible as industry spokespeople
 - ◆ Undertake more virtual meetings/events

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

RESULTS

The surplus for the year, after taxation, amounted to £6,248 (2019: deficit £151,230).

Actions taken in 2020 to mitigate the impacts of the Pandemic have proven justifiable in terms of business performance, membership engagement and retention. A staffing restructure mid year will lead to further financial improvements.

Whilst the impact of the Pandemic will be long lasting the board remains confident that demand for memberships and other services the Group offers will remain strong. In all reasonable circumstances the directors consider that the organisation would be a going concern and consequently have prepared the financial statements on this basis. In reaching that opinion we have:

- Assessed ACE Group priorities during 2021 with the updated Corporate plan as noted above.
- Taken into account impacts of COVID19 on ACE group income, specifically on member subscriptions both in terms of 2020 collections and 2021 renewal rates.
- Undergone cost cutting exercise across the entity to match the reduced income projected for 2021 (reducing discretionary spend, event costs and further utilising the Government business support schemes)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

L Brett
Director

Date:

10 Temple Back
Bristol
BS1 6FL

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSOCIATION FOR CONSULTANCY
AND ENGINEERING**

OPINION

We have audited the financial statements of Association for Consultancy and Engineering (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position 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 Company's affairs as at 31 December 2020 and of its profit 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 2006.

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 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 Directors' 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 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 Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSOCIATION FOR CONSULTANCY
AND ENGINEERING (CONTINUED)**

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors 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 Directors 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 Directors are responsible for assessing the 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSOCIATION FOR CONSULTANCY AND ENGINEERING (CONTINUED)

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:

- We have considered the nature of the industry and sector, control environment, and business performance including the design of remuneration policies;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risks of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These included data protection legislation, health and safety regulations, and employment law.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management in relation to actual and potential claims or litigation;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around the year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in the financial statements or non-compliance with regulation, will be detected by us. This risk increases the further removed compliance with a law and regulation is from the events and transactions reflected

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSOCIATION FOR CONSULTANCY
AND ENGINEERING (CONTINUED)**

in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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 Company's members, 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 Company's members 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Butler FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date:

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Income		1,969,805	1,826,239
Cost of providing services to members		(950,125)	(1,174,649)
Administrative expenses		(909,976)	(636,623)
Gain on financial assets at fair value		35,328	-
Technical Apprenticeship Consortium expenses		-	(87,042)
OPERATING PROFIT/(LOSS)		145,032	(72,075)
Provision against amounts due from group undertaking		(23,946)	-
Interest receivable and similar income		162	200
Movement in provisions against investments in subsidiaries		(115,000)	(79,355)
PROFIT/(LOSS) BEFORE TAX		6,248	(151,230)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		6,248	(151,230)

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 12 to 20 form part of these financial statements.

ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00132142

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	5	7,417	14,840
Tangible assets	6	7,134	12,234
Investments	7	175,000	290,000
		<u>189,551</u>	<u>317,074</u>
CURRENT ASSETS			
Stocks		11,399	-
Debtors: amounts falling due within one year	9	251,851	157,064
Cash at bank and in hand		681,532	504,632
		<u>944,782</u>	<u>661,696</u>
Creditors: amounts falling due within one year	10	(701,581)	(552,266)
NET CURRENT ASSETS		243,201	109,430
TOTAL ASSETS LESS CURRENT LIABILITIES		432,752	426,504
NET ASSETS		432,752	426,504
CAPITAL AND RESERVES			
Profit and loss account		432,752	426,504
		<u>432,752</u>	<u>426,504</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

L Brett
 Director

Date:

The notes on pages 12 to 20 form part of these financial statements.

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Association for Consultancy and Engineering is a limited liability company incorporated in England and Wales. The registered office is 10 Temple Back, Bristol, BS1 6FL.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Directors have assessed the Balance Sheet and likely future cash flows at the date of approving these financial statements. They have a reasonable expectation that the company has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. The Directors have also carefully considered the recent COVID-19 events and, with this in mind, believe that the Going concern basis is still appropriate for the preparation of the financial statements.

2.3 INCOME

Income comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Subscription income

Subscriptions income represents the proportion of the annualised revenue due and arising in the financial year in respect of members. Amounts received in advance are included in creditors as deferred income.

Other income

Other income is recognised in the period when services are rendered. Amounts received in advance are carried forward in creditors as deferred income.

In respect of the Technical Apprenticeship Consortium, the revenues are matched with expenditure in the year and any surplus or deficit arising on activities will be recognised at the conclusion of the programme.

2.4 EXPENDITURE

Expenditure recognition

Full provision is made for all expenditure incurred but not paid at the balance sheet date and includes estimates where the final liability cannot be determined with accuracy. Any amounts paid in advance where the benefit will accrue to a later accounting period are carried forward in debtors as prepayments.

2. ACCOUNTING POLICIES (continued)

2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.8 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2. ACCOUNTING POLICIES (continued)

2.9 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the relevant lease
Fixtures and fittings	- straight line basis over 5 years
Computer equipment	- straight line basis over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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2. ACCOUNTING POLICIES (continued)

2.14 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. DIRECTORS' REMUNERATION

	2020	2019
	£	£
Directors' emoluments	123,999	132,438
Company contributions to defined contribution pension schemes	12,400	13,244
	<u>136,399</u>	<u>145,682</u>

During the year retirement benefits were accruing to no Directors (2019: 1) in respect of defined contribution pension schemes.

4. AUDITORS' REMUNERATION

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2019 -).

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5. INTANGIBLE ASSETS

	CRM System £	Website £	Total £
COST			
At 1 January 2020	66,269	29,685	95,954
At 31 December 2020	<u>66,269</u>	<u>29,685</u>	<u>95,954</u>
AMORTISATION			
At 1 January 2020	66,269	14,845	81,114
Charge for the year on owned assets	-	7,423	7,423
At 31 December 2020	<u>66,269</u>	<u>22,268</u>	<u>88,537</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>7,417</u>	<u>7,417</u>
At 31 December 2019	<u>-</u>	<u>14,840</u>	<u>14,840</u>

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6. TANGIBLE FIXED ASSETS

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST OR VALUATION				
At 1 January 2020	78,783	43,646	7,657	130,086
Additions	-	-	6,312	6,312
Disposals	(78,783)	-	-	(78,783)
At 31 December 2020	-	43,646	13,969	57,615
DEPRECIATION				
At 1 January 2020	78,783	35,915	3,154	117,852
Charge for the year on owned assets	-	7,731	3,681	11,412
Disposals	(78,783)	-	-	(78,783)
At 31 December 2020	-	43,646	6,835	50,481
NET BOOK VALUE				
At 31 December 2020	-	-	7,134	7,134
At 31 December 2019	-	7,731	4,503	12,234

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**NOTES TO THE FINANCIAL STATEMENTS
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7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2020	1,881,516
At 31 December 2020	<u>1,881,516</u>
IMPAIRMENT	
At 1 January 2020	1,591,516
Charge for the period	115,000
At 31 December 2020	<u>1,706,516</u>
NET BOOK VALUE	
At 31 December 2020	<u>175,000</u>
At 31 December 2019	<u>290,000</u>

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**NOTES TO THE FINANCIAL STATEMENTS
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7. FIXED ASSET INVESTMENTS (CONTINUED)

On 30 October 2012 the company purchased 100% of the issued share capital of The Environmental Industries Commission Limited.

The consideration payable of £1,722,806 included deferred consideration of £290,000 payable in three annual instalments on 30 October each year. The deferred consideration has been fully paid.

To finance the acquisition in 2012, the EIC companies loaned £1,400,000 to ACE. The EIC companies waived the repayment of £1,364,000 in respect of these loans in the year to 31 December 2012 and the ACE directors made a provision of £1,364,000 against the investment to reflect the reduction in the net assets of the EIC companies.

In the current year the directors have impaired the value of the the investment in EIC down to £175,000 to to reflect the expected future value that this investment will bring to the group.

On 31 March 2014 the company purchased 90% of the issued share capital of VSCL, for consideration of £900. ACE advanced a loan of £50,000 and financed VSCL's working capital by cash advances totalling £70,390. In view of the losses incurred in the first two years of trading the directors provided £120,000 against the recovery of these advances.

On 21 March 2016 the company purchased the final 10% of the issued share capital of VSCL for nil consideration.

On 28 November 2017 VSCL issued new share capital of £157,810 that ACE purchased at par value.

As a result of reduced profits and future revenue forecasts, the directors have prudently reduced the carrying value to Nil.

As of 10 March 2020 VSCL has now changed its name to Infrastructure Intelligence Limited.

8. NON-EXECUTIVE DIRECTORS AND RELATED PARTIES

In their capacity as members of the Association, the Board are obliged to pay annual subscriptions due to the Association and are entitled to take advantage of the services offered by the Association, on the same terms offered to all members, or to the general public. Where members or their connections provide services to, or utilise any other services or facilities of the Association, the amounts paid to or charged by the Association are based on either:

- Standard rates paid by the Association to members and non-members alike, for services such as lecturing; or
- Rates negotiated on behalf of the Association, independently of the member involved, by the Board, or their delegated committee, based on competitive tenders or general commercial rates.

9. DEBTORS

	2020	2019
	£	£
Trade debtors	23,731	-
Amounts owed by group undertakings	203,357	150,911
Other debtors	-	6,153
Prepayments and accrued income	24,763	-

**ASSOCIATION FOR CONSULTANCY AND ENGINEERING
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. DEBTORS (CONTINUED)

251,851	157,064
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10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	-	22,076
Other taxation and social security	137,654	59,541
Other creditors	20,257	-
Accruals and deferred income	543,670	470,649
	701,581	552,266

11. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding the equivalent of their annual subscription towards the assets of the company in the event of liquidation.

12. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	-	112,980
Later than 1 year and not later than 5 years	-	488,000
Later than 5 years	-	599,573
	-	1,200,553

13. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption available under section 33.1A of FRS 102 not to disclose transactions with the subsidiary companies.

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Signature 1

Signed by Laurence Brett using authentication code KUNiVWVrTHo3fHMv at IP address 65.240.194.22, on 2021/12/08 12:47:40 Z.

Laurence Brett's e-mail address is: lbrett@acenet.co.uk.

Laurence Brett added the following comments:

"As approved by EFG 6.Dec.21"