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# Legal and Administrative Information

## Board Members and Management

W H Wright †	Institution of Engineering & Technology (Chairman)
D Dossett †	BEAMA Installation Ltd
N Carter	Association for Consultancy and Engineering
M Clancy	Prospect
S Duncan	Scottish Power plc (resigned 8 April 2009)
W J Howard	Chartered Institution of Building Services Engineers (resigned 20 April 2009)
R Jones	Scottish Power plc (appointed 11 August 2009)
E King	CIBSE (appointed 27 May 2010)
D W M Latimer	Institution of Engineering & Technology
N McGuinness	SELECT
R Miguel	UNITE
D J Pollock	Electrical Contractors' Association
L Stratton	Royal Institute of British Architects
C J Tanswell†	Society of Electrical and Mechanical Engineers Serving Local Government
B F Walker	Institution of Engineering & Technology

† Office Bearer and Finance Committee Member

Director General	P Buckle from June 2009
Director General	J Speirs to May 2009
Company Secretary	J O'Connell

## Senior Staff and Officers

P Buckle	Director General
M C Clark	Technical Director
J O'Connell	Group Finance Director & Company Secretary
D Bell	Non Executive Chairman Ascertiva Group Ltd
J Speirs	Executive Chairman Ascertiva Group Ltd
E McCarthy	Chief Operating Officer Ascertiva Group Ltd
S Currie	Non Executive Director Ascertiva Group Ltd
R Empson	Non Executive Director Ascertiva Group Ltd
J Frame	Non Executive Director Ascertiva Group Ltd

### Registered Company

No. 570175

### Registered Charity (England and Wales)

No. 257376

### Registered Charity (Scotland)

No. SC039990

### **Finance Committee**

W Wright (Chairman)  
 J O'Connell ( Secretary)  
 D Dossett  
 P Buckle  
 C Tanswell

### **Technical Committee**

C J Tanswell (Chairman)  
 J Bradley ( Secretary )  
 M C Clark  
 D W M Latimer  
 B F Walker  
 W H Wright  
 D Start  
 G Digilio  
 J Hodge  
 G Cronshaw  
 A Wells  
 P Buckle  
 K Morton  
 J M R Hagger  
 M Allen  
 B Cairney  
 R Bates  
 F Bertie  
 M Tyrell  
 M Mullins

### **Standing Committee on Technical Matters**

M C Clark (Chairman)  
 J Bradley ( Secretary )  
 P Cook  
 P Lawson  
 A Daley  
 D W M Latimer  
 G Cronshaw  
 M Onyett  
 P Sayer  
 J A McLean  
 C J Tanswell  
 D Start  
 A Wells

### **Bankers**

HSBC  
 20 Albert Embankment  
 London  
 SE1 7SY

### **Solicitors**

Bristows  
 100 Victoria Embankment  
 London  
 EC4Y 0DH

### **Auditors**

PKF(UK)LLP  
 Farringdon Place  
 20 Farringdon Road  
 London  
 EC1M 3AP

### **Investment Managers**

HSBC Global Asset Management  
 78 St James Street  
 London  
 SW1A 1HL

Cazenove Fund Management  
 12 Moorgate  
 London  
 EC2R 6DA

### **Registered Office**

Unit 1.10  
 1-3 Brixton Road  
 London  
 SW9 6DE

# Chairman's Statement

## 2009/10

I am pleased to say that in my first year as Chairman, the Electrical Safety Council has made significant progress in implementing its corporate strategy and strengthening its position as a leading campaigning charity and technical authority, working with and supported by industry and government.

We have applied our technical knowledge more widely to provide valued guidance for landlords alongside the electrical contracting industry. And we have built up our evidence base and our campaigning expertise, with a view to achieving greater impact for our beneficiaries.

Our progress over the last 12 months has been all the more remarkable given the backdrop of economic recession in the UK. Despite difficult trading conditions, our recently renamed trading subsidiary Ascertiva Group Ltd has maintained sufficient gift aid to the Charity to enable us to deliver on our priorities.

In May 2009, Phil Buckle was appointed as the new Director General of the Electrical Safety Council. His appointment brought much greater autonomy for the Charity in pursuing its aims because it no longer has any directors, other than the Company Secretary, with a dual role in the Trading Group.

This separation meant that Jim Speirs, previously the Director General for both charitable and trading activity, now works solely for Ascertiva Group Ltd (formerly NICEIC Group Ltd) as Executive Chairman. On behalf of the Board of Trustees, I would like to thank Jim for the vision and commitment he has shown over the years in helping to build such a successful organisation.

Being mindful of our responsibilities as Trustees in striving to deliver positive outcomes for our beneficiaries, an extensive review of the Electrical Safety Council's governance structure and policies has been undertaken. This work resulted in key governing documents being modernised and improved; and product safety being incorporated more fully into the Charity's remit.

To ensure we are fit for the future, the Board of the Electrical Safety Council intends to undertake a full review of the current strategy. This will include responding to major external drivers, such as the growing environmental agenda and the potential impact of current financial realities.

Finally, the Board of Trustees and I would like to give our sincere thanks to the Director General and wider team at the Electrical Safety Council for their talent and commitment; to everyone at the Ascertiva Group Ltd for providing such invaluable financial support; and to my predecessor, Dave Dossett, for handing over the reins of a Charity that is in such good shape.

**Bill Wright**

Chairman

The Electrical Safety Council

# Directors' Report

## for the year ended 31 March 2010

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2010. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (revised 2005) in preparing this report. The legal and administrative information on pages 4 and 5 form part of this report.

### Structure, Governance and Management

The Electrical Safety Council is a company limited by guarantee and a registered Charity.

The Charity is governed by its Memorandum and Articles of Association which were last amended on 2 October 2008 following the Council's Annual General Meeting when permission was sought, and granted by members, to make a small change required to register as a charity in Scotland.

Board Members who are Directors for the purposes of company law, and Trustees for charity purposes, are appointed in accordance with the Articles of Association. Additional Directors have been historically proposed to the Board on the basis of technical expertise or as representatives of relevant user groups or related industry associations/forums which are members of Council.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of Board Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Electrical Industry has contributed without cost to the generation of several Best Practice Guides, for which the Charity is grateful.

New Directors are provided with an induction by the Director General as well as being provided with a comprehensive information pack, including relevant Charity Commission publications.

At least once a year, training is provided to Directors about issues which are relevant to their roles with the Charity. Directors are also encouraged to attend relevant training seminars during the course of the year.

The Council's policy and strategy are set by the Board of Directors - the Electrical Safety Board. The Board meets four times a year, plus other meetings as required.

The Board delegates the exercise of certain powers in connection with the management and administration of the Charity, with regular reporting to the Board.

The Board delegates the exercise of certain powers in connection with the oversight of the Trading Group's activities to the Monitoring Committee within parameters established by clear terms of reference.

All delegated responsibilities to the Board's sub-committees are ratified through the Board of Directors.

The Board of the main trading subsidiary comprises four non-executive directors who are not Directors of the Charity and two executive directors.

The Director General of the Charity and the Executive Chairman of the Trading Group are assisted by a group of executives and senior managers.

The Board approves the delegation of financial authority through the Director General of the Charity, and the Executive Chairman of the Commercial Group with specific limits imposed within an approved scheme of delegation.

The Director General and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Charity's sub-committees in operation during the year were:

- Technical Committee and the Standing Committee on Technical Matters
- Electrical Safety of Products Committee
- Finance Committee
- Monitoring Committee
- Independence Committee
- Group Policies
- Governance Committee
- Pension Committee

# Directors' Report

## for the year ended 31 March 2010 continued

### Public Benefit

The Directors are mindful of their duties and the guidance provided by the Charity Commission to ensure that the Charity continues to provide public benefit which is delivered both through its standard activities including the:

- Operation of free of charge telephone help line and dedicated email providing advice on electrical safety matters to the general public.
- Maintenance of a range of websites including, dedicated websites targeted at both teenagers and children, providing information and education on electrical safety.
- Lobbying of Parliament for changes to legislation to improve electrical safety for all, and through dedicated projects whose achievements are listed in subsequent paragraphs.

### Achievements and Performance

#### The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products.

Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its trading subsidiary, Ascertiva Group Limited.

The Electrical Safety Council's vision is to be the most influential and respected body in the UK on electrical safety issues for both the consumer and industry.

The Charity's focus is broadly targeted on consumer safety issues which include:

- Improving the safety of electrical installation.
- Improving the safety of electrical products.
- Direct intervention and grants.

Charitable activities undertaken by the Charity's trading subsidiary Ascertiva Group Ltd on the Charity's behalf include:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
  - Operation of the Approved Contractors' Scheme which is a voluntary electrical safety regulating body.
  - Running the Domestic Installer Scheme, a self certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses.

### Achievements for the year

#### The main achievements were:

- Initiated a Product Safety Strategy
- Developed an Online Buyer's Guide providing rights-based guidance for consumers to enhance the Charity's campaign activities on product safety.
- Ran a fire prevention campaign to reduce the number of fires and accidents in domestic premises caused from an electrical origin.
- Developed the Product Investigation and Alert programme. This programme focuses on:
  - a) Carrying out independent laboratory testing of electrical appliances that are most likely to be sub-standard
  - b) Sharing the results with retailers and enforcers to help remove unsafe products from the market
- Teamed up with the Trading Standards Institute to enhance co-operation among the Council, regulators and enforcement agencies. This partnership led to the development of a secure online system a Product Safety Forum that enables the Council and Trading Standards officers throughout the UK to share information about electrical product safety issues.
- Populated a database with product recalls from local trading standards.
- Completed a 15 date road show tour of country shows and town centres during the summer months and welcomed on board over 13,500 visitors. On board research established that 75% of the visitors learnt something new about electrical safety and the same number would act differently in the future because of what they have learnt.
- Undertook a Christmas lights safety initiative with ASDA enabling the Charity to talk to over 3 million ASDA customers about the safety of their decorative lights.
- Ran a safer rented homes campaign recognising that tenants are at a higher risk and they need to know and assert their rights for a safe home; and help private landlords to know and meet their legal obligations.
- The safer homes campaign reached audiences of 16.8 million through a number of targeted media campaigns to make landlords aware of their obligations and responsibilities in relation to electrical safety and to make tenants aware of their rights, with a particular focus on students in partnership with the National Union of Students.
- Awarded £130k of funding to Fire & Rescue Services, Trading Standards and other consumer safety bodies across the UK, so that they could deliver their own local electrical fire prevention initiatives and activity. This included supporting the development of a new mobile electrical safety demonstration unit by Dorset Fire and Rescue Services to raise consumer awareness of electrical fires in the county.

# Directors' Report

## for the year ended 31 March 2010 continued

- Distributed home-improvement grants totalling £75k across the UK. In 2009-10, we improved the efficiency and value of the scheme by partnering 11 home improvement agencies to deliver urgent, small-scale electrical works to vulnerable and older people, who would not otherwise be able to afford to have such remedial works carried out.
- Published a Landlords' Guide to Electrical Safety in England & Wales in May 2009. Over the year, 20,000 copies have been distributed on request in hard copy or downloaded from our website.
- Developed further the Best Practice Guides
  - a) During the year, the second guide, on the important subject of safe isolation procedures, was amended at the suggestion of the Health and Safety Executive to include guidance on the management of electrical safety.
  - b) By the end of the year, a sixth guide, on the subject of replacing domestic consumer units, had been published.

Other significant milestones attained were:

- The Roll of Approved Contractors has reached its highest ever level at 15,275
- In excess of 900,000 building control notifications were made to local authorities
- Ran over 200 electro-technical training courses

Further details of the year's achievements and the Charity's impacts are detailed in the Annual Report.

### Charitable Activities in Scotland

The Charity continued to strengthen its links with Scotland working with MSPs and other stakeholders to ensure messages about electrical safety are disseminated to as many Scottish consumers as possible. Six Scottish consumer safety organisations received funding from the Charity's fire and safety fund, 19% of grant funding was awarded to Scottish bodies. The Charity provided Home Safety Scotland with funding to support their "Year of Home Safety" campaign.

Many of the Charity's campaigns and activities have a nationwide remit throughout the UK.

Future Plans for 2011-12 include:

- Promoting the use of RCDs so that significantly more homes gain RCD trip protection than would do so without our involvement
- Undertaking risk prioritisation exercise on electrical product categories
- Expanding on the provision of electrical safety advice on products already in the market

- Launching a consumer-facing mark that recognises products that exceed relevant UK standards on electrical safety
- Promoting the use of risk management data, including injury data in the UK
- Replicating, scaling up and developing the grants scheme for people on benefits
- Developing two further best practice guides
- Developing a landlord's guide to electrical safety in Scotland
- Growing the roll of Approved Contractors and Domestic Installers

## Financial Position and Reserves

### Results

The deficit for the year of £815K represents a major turnaround from the previous year's surplus of £2,116K.

The outturn (excluding FRS 17 impacts) was however broadly in line with the financial budget.

The reduction is mainly the result of the return to a more normal demand cycle following the peaking in demand for the Trading Group's services as a result of the publication of the 17th Edition of the Wiring Regulations. The Group also incurred significant restructuring and relocation costs of £888K expended to position the Trading Group to grow its surplus significantly over the course of its five year strategy plan and to meet the Group's objective to increase the separation between the Charity and the Trading Group. The resulting impact was a reduction in gift aid to £3,313K (2009 - £5,540K).

### Income

Total incoming resources fell by 13% to £33,182K and comprised £19,513K from charitable activities, all of which was generated by the Trading Group, and £13,472K from subsidiary funded activities. Significant reductions in revenues from electro technical merchandising and training activities are the key factors in the decline in charitable income.

The Charity's income comprising interest on bank deposits and investment income of £193K fell by £682K due mainly to the low level of interest rates.

Revenue from subsidiary funded activities at £13,466K fell by 6% mainly due to the steep decline in demand for management training activities.

# Directors' Report

## for the year ended 31 March 2010 continued

### Expenditure

Total outgoing resources £33,997K fell by 5% £1,937K year on year compared with the previous year due to the decline in activity levels.

Charitable expenditure incurred in the Charity amounted to £3,911K a reduction of 9% on the previous year reflecting reduced expenditure on building profile and brand awareness.

Almost all of the Group's trading activities are conducted in Ascertiva Group Limited with the exception of the activities of JPD Group Ltd (now in Ascertiva Group Ltd) and SNQA (SNQA is currently owned by National Quality Assurance Ltd).

Charity cash and investment balances have fallen to £14,769K (£17,507K) mainly resulting from the pension scheme deficit funding payment of £2M.

Changes in tangible fixed assets are summarised in note 10 to the financial statements. Capital invested in fixed assets fell during the year due to expenditure on fixed assets being less than the depreciation charge.

Governance costs rose slightly to £560K and represented 2% of total resources expended.

### Pension Scheme

Continuing turmoil in financial markets has again impacted the Group's Final Pension Salary Scheme leading to a further increase in the FRS 17 deficit of £5.9M resulting in a material reduction in the net assets shown in the Group's Balance Sheet.

This deficit is calculated under current accounting standards and is of a long term (as well as variable) nature and does not require immediate significant outflow of cash.

The pension deficit impacts the Charity's short-term and medium-term cash flows by the funding arrangements agreed with the Pension Scheme Trustees. These comprise a £2M deficit funding contribution made in July 2009 with further commitments of £1.5M annually for each of the subsequent four years.

### Outlook

Reserves have reduced significantly from £9,139K to £1,769K as a result of a further significant increase in the FRS17 pension deficit. The reserves are wholly unrestricted.

The Group's budget for the current year is broadly break-even as the Charity intends maintaining its planned level of activities despite the challenging economic climate for customers of the Trading Group. Therefore no major improvement is anticipated in the Group's financial position.

### Investment Policy and Returns

The Charity's investment policy has as its objectives "to enhance, in so far as is reasonable, with the avoidance of undue risk, the real value of the capital." A total return of RPI plus 2% is targeted as a benchmark: in effect an absolute return strategy.

An investment portfolio of £6.3M of funds with a long term investment horizon is managed by two fund managers Cazenove and HSBC. The recovery in financial markets resulted in a reversal of most of the losses incurred in the previous year and the investment portfolio total return was £960K in the year comprising £845K of capital gains and £115K of income.

The investment policy is maintained under ongoing review in light of changing Group funding requirements including the pension scheme deficit, and significant capital expenditure projects.

The balance of investments relates to investment in subsidiaries of £260K.

### Reserves

#### Reserves and Risk Assessment

Risk management processes are now embedded in the day to day operations of the Charity and its main trading subsidiary each of which has its own risk register.

Risk registers are reviewed regularly by management to ensure both completeness and that the risk ratings and impacts remain appropriate. Changes in the risk registers are reported at Board meetings. The Finance Committee reviews the Charity's risk register in detail annually. The Finance Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items.

In setting the reserves target the Committee reviewed the risk register and the systems that have been established to mitigate those risks. Identified critical risks include single source funding and the final pension salary scheme. The Committee also recognizes that assets such as fixed assets are not easily or quickly realised.

This enables an estimate to be made of the level of reserves that will be sufficient to maintain core charitable activities including the Charity's:

- consumer awareness and campaigning activities
- drive to improve electrical product and installation safety,
- commitment to technical excellence, and
- Sufficient time to re-organise and dispose of long term assets in the event of a downturn.

# Directors' Report

## for the year ended 31 March 2010 continued

The Finance Committee has recommended that the reserves target should remain three times discretionary charitable expenditure after provision has been made for designated investments in tangible fixed assets which cannot be easily liquidated and funding over five years of the actuarial pension deficit. Charity reserves currently approximate 15% or five months expenditure of this target, due in large part to the recent turmoil in financial markets which has substantially increased the pension deficit.

### Financial Instruments

The Group's policy is to finance working capital through retained reserves and monies received in advance from customers as a result of its annual fee cycle. The Group does not actively use other financial instruments as part of its financial credit risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on and manages this through credit control procedures. It is also exposed to some foreign exchange risk through its joint ventures and NQA division's international customer base, but these exposures are not significant within the context of the Group. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or result.

### Employee Training and Recruitment

The Group has an active personal development training programme to ensure that all employees have the skills and knowledge to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

### Directors' responsibilities

The Directors are responsible for preparing the Directors' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the net income or expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business

The Directors are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulations made hereunder. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

### Directors' Awareness Statement

Each of the Directors has confirmed that so far as he is aware, there is no relevant audit information of which the company's Auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's Auditors are aware of that information.

### Auditors

A resolution for the appointment of Auditors shall be proposed at the forthcoming Annual General Meeting.

By order of the Board  
Judith O'Connell  
Company Secretary  
23rd July 2010

# Independent Auditors' Report to the Members and Directors of the Electrical Safety Council

We have audited the Group and Charity financial statements ("the financial statements") of the Electrical Safety Council for the year ended 31 March 2010 which comprise the consolidated statement of financial activities (incorporating the consolidated income and expenditure account), the consolidated and Charity Balance Sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Charity's members as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the Charity's Directors as a body, in accordance with regulations made under Section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the parent Charity's members and Directors 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 Charity, the Charity's members as a body and the Charity's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Directors and Auditors**

The responsibilities of the Directors (who are also the Trustees of the Charity for the purposes of charity law) for preparing the Directors' annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') and for being satisfied that the financial statements give a true and fair view are set out in the statement of Directors' responsibilities.

We have been appointed as Auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts and regulations made under them.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the Charity has not kept adequate and proper accounting records, if the Charity's financial statements are not in agreement with those accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of Directors' remuneration specified by law are not made.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' annual report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

# Independent Auditors' Report to the Members and Directors of the Electrical Safety Council continued

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

### In our opinion:

- the financial statements give a true and fair view of the state of the Group and the Charity's affairs as at 31 March 2010 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and
- the information given in the Directors' annual report is consistent with the financial statements.

David Pomfret

Senior statutory auditor

For and on behalf of PKF (UK) LLP, Statutory Auditors

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

London UK

23rd July 2010

# Consolidated Statement of Financial Activities

year ended 31 March 2010

(Incorporating consolidated income and expenditure account)

	Note	Unrestricted Funds £'000	Trading Subsidiaries £'000	2010 Total Funds £'000	2009 Total Funds £'000
<b>INCOMING RESOURCES FROM:</b>					
<b>Generated Funds</b>					
Investment Income	3	193	6	199	876
Turnover of Trading Subsidiaries	2	-	13,466	13,466	14,356
		<b>193</b>	<b>13,472</b>	<b>13,665</b>	<b>15,232</b>
<b>Charitable Activities</b>					
Certification Activities		-	14,487	14,487	14,949
Training Activities		-	1,066	1,066	1,822
Electrical Contractor Support Activities		-	3,960	3,960	5,969
			<b>19,513</b>	<b>19,513</b>	<b>22,740</b>
Other Incoming Resources		4	-	4	78
<b>TOTAL INCOMING RESOURCES</b>		<b>197</b>	<b>32,985</b>	<b>33,182</b>	<b>38,050</b>
<b>Resources Expended:</b>					
Cost of Generating Funds					
Investment Management Costs		46	-	46	20
Fundraising Costs		9	-	9	44
Trading Costs	2	-	13,190	13,190	14,238
		<b>55</b>	<b>13,190</b>	<b>13,245</b>	<b>14,302</b>
<b>Charitable Activities</b>					
Installation Safety		2,173	-	2,173	2,811
Product Safety		1,337	-	1,337	1,439
Grants and Direct		401	-	401	299
Certification Activities		-	10,994	10,994	10,399
Training Activities		-	1,065	1,065	1,468
Electrical Contractor Support Activities		-	3,334	3,334	4,513
		<b>3,911</b>	<b>15,393</b>	<b>19,304</b>	<b>20,929</b>
Governance Costs		560	-	560	558
Other resources expended		100	788	888	145
<b>TOTAL RESOURCES EXPENDED</b>		<b>4,626</b>	<b>29,371</b>	<b>33,997</b>	<b>35,934</b>
<b>NET (OUTGOING) / INCOMING RESOURCES</b>	<b>7</b>	<b>(4,429)</b>	<b>3,614</b>	<b>(815)</b>	<b>2,116</b>
Net Investment Gains (Losses)	11	845	-	845	(668)
Actuarial Losses on Pension Scheme	16	(7,400)	-	(7,400)	(7,600)
Transfer of Gift Aid		3,313	(3,313)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>7,671</b>	<b>301</b>	<b>(7,370)</b>	<b>(6,152)</b>
Total Funds at 1 April 2009				9,139	15,291
Total Funds at 31 March 2010				<b>1,769</b>	<b>9,139</b>

All funds are unrestricted. All recognised gains and losses are included above.

All amounts are derived from continuing activities. For the purposes of the Companies Act, net income for the year is net outgoing resources of £815k above (2009: £2,116k surplus), plus realised investment losses of £Nil (2009: £123k) giving £815k (2009: £1,993k).

# The Electrical Safety Council

## Balance Sheets

Registered Company No. 570175  
year ended 31 March 2010

	Note	Group 2010 £'000	Charity 2010 £'000	Group 2009 £'000	Charity 2009 £'000
<b>FIXED ASSETS:</b>					
Intangible Assets	9	1,077	-	1,457	-
Tangible Assets	10	6,929	6,573	7,169	6,714
Investments	11	7,225	6,580	4,197	3,646
		<b>15,231</b>	<b>13,153</b>	<b>12,823</b>	<b>10,360</b>
<b>CURRENT ASSETS:</b>					
Stocks		276	-	534	-
Debtors	12	3,647	840	3,533	-
Cash at Bank and in Hand		9,820	8,449	14,726	14,121
		<b>13,743</b>	<b>9,289</b>	<b>18,793</b>	<b>14,121</b>
<b>CURRENT LIABILITIES:</b>					
Amounts Falling Due Within One Year	13	(7,905)	(631)	(9,077)	(1,568)
<b>NET CURRENT ASSETS:</b>		<b>5,838</b>	<b>8,658</b>	<b>9,716</b>	<b>12,553</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		<b>21,069</b>	<b>21,811</b>	<b>22,539</b>	<b>22,913</b>
<b>DEFINED BENEFIT PENSION SCHEME LIABILITY</b>	16	(19,300)	(19,300)	(13,400)	(13,400)
		<b>1,769</b>	<b>2,511</b>	<b>9,139</b>	<b>9,513</b>
<b>RESERVES:</b>					
UNRESTRICTED INCOME FUNDS		21,069	21,811	22,539	22,913
PENSION RESERVE	16	(19,300)	(19,300)	(13,400)	(13,400)
<b>TOTAL RESERVES</b>		<b>1,769</b>	<b>2,511</b>	<b>9,139</b>	<b>9,513</b>

Approved by the Board of Directors and authorised for issue on 23 July 2010, and signed on their behalf by:

**W Wright**  
Chairman

# The Electrical Safety Council

## Consolidated Cash Flow Statement

year ended 31 March 2010

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>CASH FLOW STATEMENT</b>		
Net cash (outflow) / inflow from operating activities (per note A below)	(3,119)	1,660
Returns on investments and servicing of finance (per note B below)	513	1,133
Capital expenditure and financial investment (per note C below)	(2,300)	(4,466)
<b>(Decrease) in Cash in Year</b>	<b>(4,906)</b>	<b>(1,673)</b>

	<b>At 1 April 2010</b>	<b>Cashflow Movement</b>	<b>At 31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Analysis of Net Funds</b>			
Cash at bank and in hand	14,726	(4,906)	9,820

<b>CASHFLOW STATEMENT NOTES</b>		
<b>A. Reconciliation of changes in resources to net cash inflow from operating activities</b>		
Net (outgoing) / incoming resources	(815)	2,116
Interest received and investment income	(199)	(876)
Profit on sale of fixed assets	(11)	(11)
Depreciation and amortisation	842	1,074
FRS 17 Pension operating movement	(1,500)	100
Share of joint venture profit	(450)	(604)
Goodwill acquired by NQA Inc	42	11
Decrease in stocks	258	77
(Increase) in debtors	(115)	(1,403)
(Decrease) in creditors	(1,171)	1,176
<b>Net Cash (Outflow) Inflow from Operating Activities</b>	<b>(3,119)</b>	<b>1,660</b>
<b>B. Returns on Investment and Servicing of Finance</b>		
Interest received	84	816
Investment Income	115	60
Distribution from Joint Venture	314	257
	<b>513</b>	<b>1,133</b>
<b>C. Capital Expenditure and Financial Investments</b>		
Purchase of fixed assets	(222)	(423)
Sale of fixed assets	11	11
Purchase of investments	(3,492)	(5,612)
Investments disposal proceeds	1,403	1,558
	<b>(2,300)</b>	<b>(4,466)</b>

# Notes to the Consolidated Financial Statements

year ended 31 March 2010

## 1. ACCOUNTING POLICIES

### a) Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the inclusion of certain assets at their market value and in accordance with applicable accounting standards having regard to the 2005 Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities".

### b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, from date of acquisition: National Quality Assurance Limited, Ascertiva Group Ltd, JPD Group Ltd and equity account for the results of the associated undertakings, NQA Inc and Shanghai NQA. The disclosure formats set out in Financial Reporting Standard No. 9 – "Associates and Joint Ventures" have been modified in order to present fairly the Group results as required by SORP 2005.

As permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £5,093K (2009 - £6,608K) and the result was £37K surplus (2009 - £2,002K surplus).

### c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

### d) Basis of Expenditure Allocation

SORP 2005 requires that support costs are allocated where appropriate to direct charitable activities. The analysis (as per Note 4) provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

### e) Stocks

Stocks, which consist of publications and certificates for sale, are stated at the lower of cost and net realisable value.

### f) Depreciation

Tangible assets are depreciated by equal annual instalments over their estimated useful lives:

Computer equipment	- 33% on cost
Office equipment	- 20% on cost
Freehold building	- 2% on cost
Refurbishment	- 10% on cost
Leasehold improvements	- 20% on cost or over the lease term if less than five years
Long leasehold property	- on cost over the term of the lease
Motor vehicles	- 33% on cost

No depreciation is provided on freehold land.

### g) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

### h) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

Exchange differences arising from the translation of the net assets of overseas joint ventures are taken directly to the investment.

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## i) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the associated undertakings to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Other investments are valued at mid market value at the year end. Gains or losses arising on revaluation are taken to the statement of financial activities.

## j) Goodwill

Goodwill arising as a result of investment in joint ventures and subsidiaries is capitalised and amortised on a straight line basis over its estimated useful economic life which is considered to be between four and eight years. The carrying value of goodwill is periodically reviewed, and impairment provisions made where appropriate.

## k) Pension Costs

The Group operates both a Defined Benefit Pension Scheme and a Defined Contribution Scheme.

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. Actuarial valuations for the purposes of FRS 17 are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet.

The Defined Contribution Schemes are "Stakeholder Schemes" whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives.

## 2. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

The three trading divisions of Ascertiva Group Ltd operating during the year were:

- NQA Division – The principal activities were the assessment of quality management systems of applicant companies, and the on-going surveillance of the systems of registered companies against the requirements of BS EN ISO 9000:1994 Quality Systems, amongst other quality standards.
- NICEIC Electrotechnical Division carried out the inspection and assessment of NICEIC enrolled contractors for both the Approved Contractor and Domestic Installer Schemes.
  - This division also includes:
    - NICEIC Direct which sells certificates, publications and other goods.
    - The training of electrical contractors.
- NICEIC Certification Division is an accredited personal certification body.

Additionally, JPD Group Ltd (JPD) traded during the year. JPD, based in Cheshire, is a training company specialising in quality management, environmental management as well as business management courses. The consultancy element of JPD was transferred out on 1 October 2008 to a dormant company, NICEIC Operating Services Limited, which was subsequently renamed NICEIC Professional Services Limited. This entity traded until 31 March 2009 at which point the consultancy contracts were transferred for a nominal consideration to the relevant consultants already undertaking the work.

JPD's training activities have during the year been moved and now form part of the NQA brand within Ascertiva Group Ltd. JPD's assets were transferred to Ascertiva Group Limited and JPD has not traded since the transfer of assets were undertaken.

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 3. INVESTMENT INCOME AND INTEREST

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	<b>84</b>	816
Investment income	<b>115</b>	60
	<b>199</b>	<b>876</b>

## 4. SUPPORT COSTS ANALYSIS

	<b>Management</b>	<b>Finance</b>	<b>Information Technology</b>	<b>Human Resources</b>	<b>Total 2009/10</b>	<b>Total 2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>COST OF GENERATING FUNDS</b>	-	17	10	2	<b>29</b>	28
<b>CHARITABLE ACTIVITIES</b>						
Installation Safety	38	3	42	6	<b>89</b>	94
Product Safety	38	3	11	1	<b>53</b>	55
Grants and Direct						
Industry Monitor	37	3	5	1	<b>46</b>	49
Certification Activities	481	164	397	56	<b>1,098</b>	1,149
Training Activities	75	29	49	7	<b>160</b>	169
Electrical Contractor Support Activities	75	29	49	7	<b>160</b>	169
<b>GOVERNANCE</b>	7	44	11	2	<b>64</b>	59
<b>TOTAL SUPPORT COSTS</b>	<b>751</b>	<b>292</b>	<b>574</b>	<b>82</b>	<b>1,699</b>	1,772

Cost allocation includes an element of judgement and the Charity has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the Charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where directly attributable. Therefore the support costs shown are a best estimate of the costs that have been allocated to charitable activities within both elements of the organisation.

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 5. STAFF COSTS

	CHARITY		GROUP	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
<b>STAFF COSTS</b>				
Wages and salaries	<b>1,246</b>	1,308	<b>12,833</b>	12,907
Agency salaries	<b>25</b>	7	<b>360</b>	375
Social security costs	<b>132</b>	130	<b>1,374</b>	1,240
Pension costs	<b>163</b>	170	<b>1,681</b>	1,692
Healthcare plan	<b>12</b>	6	<b>118</b>	88
<b>TOTAL SUPPORT COSTS</b>	<b>1,578</b>	1,621	<b>16,366</b>	16,302

The average number of staff employed during the period was 344 (2009: 355). This includes 304 (2009: 331) staff employed by subsidiary companies and 24 (2009: 24) staff employed by the Charity as of 31 March 2010.

## 6. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

In 2010 the highest paid Charity employee received £120,377 (2009: £168,522), excluding pension contributions, but including bonus and benefits.

Other employees of the Charity who received total emoluments of greater than £60,000, nine of whom participated in the defined benefit pension scheme, fell into the following bands:

	2010	2009
£60,001 - £70,000	<b>6</b>	6
£70,001 - £80,000	<b>1</b>	-
£100,001 - £110,000	<b>3</b>	3
	<b>10</b>	9

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 7. NET INCOMING/(OUTGOING) RESOURCES

	2009/10	2008/09
	£'000	£'000
<b>STAFF COSTS</b>		
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees	38	66
Non audit fees paid to Auditors	32	15
Amortisation of goodwill	380	398
Depreciation of tangible fixed assets	462	676
Operating lease charges:		
Land and buildings	159	118
Plant, machinery and vehicles	824	769
Profit on sale of fixed assets	(11)	(11)
Restructuring	888	145
Taxation	22	28

## 8. TAXATION

The Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a gift aid Scheme. The tax charges in relation to subsidiaries are disclosed in Note 7.

## 9. INTANGIBLE ASSETS – GOODWILL

	2009/10	2008/09
<b>GROUP</b>	£'000	£'000
At 1 April 2009	1,457	1,855
Amortisation for the year	(380)	(398)
At 31 March 2010	1,077	1,457

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 10. TANGIBLE FIXED ASSETS

GROUP	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office and Computer Equipment £'000	Vehicles £'000	Total £'000
<b>ORIGINAL COST</b>					
B/fwd	7,619	156	3,409	133	11,317
Additions	-	-	222	-	222
Disposals	-	-	-	(54)	(54)
<b>C/fwd</b>	<b>7,619</b>	<b>156</b>	<b>3,631</b>	<b>79</b>	<b>11,485</b>
<b>DEPRECIATION</b>					
B/fwd	927	139	2,949	133	4,148
Charge	160	7	295	-	462
Disposals	-	-	-	(54)	(54)
<b>C/fwd</b>	<b>1,087</b>	<b>146</b>	<b>3,244</b>	<b>79</b>	<b>4,556</b>
<b>NET BOOK VALUE</b>					
As at 31 March 2009	6,692	17	460	-	7,169
<b>As at 31 March 2010</b>	<b>6,532</b>	<b>10</b>	<b>387</b>	<b>-</b>	<b>6,929</b>

Land, which is not depreciated, amounted to £710,000 (2009: £710,000).

CHARITY	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
<b>ORIGINAL COST</b>					
B/fwd	7,619	34	98	53	7,804
Additions	-	-	47	-	47
Disposals	-	-	-	(28)	(28)
<b>C/fwd</b>	<b>7,619</b>	<b>34</b>	<b>145</b>	<b>25</b>	<b>7,823</b>
<b>DEPRECIATION</b>					
B/fwd	927	23	87	53	1,090
Charge	160	7	21	-	188
Disposals	-	-	-	(28)	(28)
<b>C/fwd</b>	<b>1,087</b>	<b>30</b>	<b>108</b>	<b>25</b>	<b>1,250</b>
<b>NET BOOK VALUE</b>					
As at 31 March 2009	6,692	11	11	-	6,714
<b>As at 31 March 2010</b>	<b>6,532</b>	<b>4</b>	<b>37</b>	<b>-</b>	<b>6,573</b>

Land, which is not depreciated, amounted to £710,000 (2008 £710,000)

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 11. INVESTMENTS

GROUP	2009/10 £'000	2008/09 £'000
<b>JOINT VENTURES:</b>		
At 1 April 2009	811	475
Share of profit for the year	450	604
Acquisition by NQA Inc (inc covenant)	(42)	(11)
Less: remitted to the Group	(314)	(257)
	<b>905</b>	811
<b>SHARE OF JOINT VENTURES REPRESENTED BY:</b>		
Fixed assets	194	113
Current assets	2,611	1,970
Goodwill	243	69
Creditors	(2,143)	(1,341)
	<b>905</b>	811
<b>OTHER INVESTMENTS</b>		
Market value as at 1 April 2009	3,124	-
Purchases (at cost)	2,258	5,350
Disposal proceeds	(1,403)	(1,558)
Net investments gains / (losses)	845	(668)
	<b>4,824</b>	3,124
Cash balances held by investment managers	1,496	262
Market value as at 31 March 2010	<b>6,320</b>	3,386
Historical cost as at 31 March 2010	<b>4,913</b>	3,882
<b>SHARE OF JOINT VENTURES REPRESENTED BY:</b>		
UK fixed interest securities	321	280
Overseas fixed interest securities	156	266
UK Equities	1,785	1,454
Overseas Equities	676	381
UK Bonds	927	410
Hedge Funds	959	333
Cash securities	1,496	262
<b>Market value as above</b>	<b>6,320</b>	3,386
<b>Investments Total (Group)</b>	<b>7,225</b>	4,197
<b>CHARITY</b>		
Subsidiaries	260	260
Other Investments	6,320	3,386
<b>Investments Total (Charity)</b>	<b>6,580</b>	3,646

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 11. INVESTMENTS *continued*

Ascertiva Group Ltd owns 49.9% of the share capital of NQA Inc. NQA Inc. owns the entire issued share capital of NQA USA Inc, NQA Training and Development Inc and NQA Laboratory Services Inc. This joint venture group carries out certification services, and training and laboratory services. NQA is entitled to 49.9% of any profits arising from the joint venture.

National Quality Assurance Ltd also owns 50% of the share capital of Shanghai NQA Certification Co Limited. This joint venture carries out management system certification services.

Disclosures in relation to joint ventures above have not been shown on the face of the balance sheet or the statement of financial activities as required by FRS 9, on the basis that the amounts are not material. The share of turnover of joint ventures amounted to £7,831K (2009 £6,818K).

## 12. DEBTORS

	<b>Group 2010 £'000</b>	<b>Charity 2010 £'000</b>	<b>Group 2009 £'000</b>	<b>Charity 2009 £'000</b>
Trade debtors	2,362	-	2,115	-
Other debtors	53	8	57	-
Prepayments	905	142	865	-
Accrued income	129	7	250	-
Amount due from subsidiary undertakings	-	555	-	-
Social Security and Other Taxes	-	128	-	-
Corporation tax recoverable	23	-	58	-
Deferred tax	175	-	188	-
	<b>3,647</b>	840	<b>3,533</b>	-

## 13. CREDITORS

	<b>Group 2010 £'000</b>	<b>Charity 2010 £'000</b>	<b>Group 2009 £'000</b>	<b>Charity 2009 £'000</b>
<b>Amounts falling due within one year</b>				
Trade creditors	1,864	475	3,311	-
Social security and other taxes	420	-	440	-
Accruals and deferred income	5,621	76	5,326	37
Amount due to subsidiary undertakings	-	80	-	1,531
	<b>7,905</b>	631	<b>9,077</b>	1,568

Deferred income comprises of payments received on account and income relating to services not yet delivered.

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 14. LEASING COMMITMENTS

The Group has financial commitments in respect of operating leases. The annual rentals payable under these leases are analysed below:

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>CHARITY</b>				
Expiring within one year	-	13	-	9
Expiring within two to five years inclusive	34	28	-	38
Expiring after five years	36	-	31	-
	<b>70</b>	<b>41</b>	31	47
<b>GROUP</b>				
Expiring within one year	-	193	45	57
Expiring within two to five years inclusive	41	442	42	546
Expiring after five years	36	-	31	-
<b>TOTAL SUPPORT COSTS</b>	<b>77</b>	<b>635</b>	<b>118</b>	603

## 15. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 16. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from the Group, being invested with Legal and General. The contributions are determined by a qualified actuary on the basis of triennial valuations.

The Scheme was closed to new members with effect from 1 January 2007.

A formal valuation of the scheme was carried out as at 31 March 2008 by a qualified independent actuary. This statement has been updated by the actuary for the purpose of FRS 17 based on that valuation, using the following major assumptions:

	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
Inflation rate	3.7%	3.0%
Discount factor for liabilities	5.5%	6.5%
Expected return on assets	7.2%	6.9%
Expected rate of salary increase	5.7%	5.0%
Rate of pension increases in payment for pre 1 April 2007 service	3.5%	3.0%
Rate of pension increases in payment for post 31 March 2007 service	2.3%	2.5%
Rate of pension increases in deferment	3.7%	3.0%

### The assets of the scheme and the expected rates of return at 31 March 2010 are:

	<b>Value 2010 £m</b>	<b>Expected long term return</b>	<b>Value 2009 £m</b>	<b>Expected long term return</b>
Equities	<b>31.3</b>	<b>8.1%</b>	21.0	8.1%
Bonds	<b>11.5</b>	<b>4.0%</b>	8.0	4.0%
Property	<b>0.6</b>	<b>4.0%</b>	0.6	4.0%
	<b>43.4</b>		29.6	

### Post retirement mortality assumptions are in line with the standard base tables shown below:

	<b>2010</b>	<b>2009</b>
<b>Contributors and deferred pensioners*:</b>		
Males	<b>PMA92CO8</b>	PMA92CO8
Females	<b>PFA92CO8</b>	PFA92CO8
<b>Pensioners:</b>		
Males	<b>PMA92CO8</b>	PMA92CO8
Females	<b>PFA92CO8</b>	PFA92CO8

\* adjusted if retirement is on ill health grounds

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 16. PENSION SCHEME *continued*

As for 2009, an allowance has been made in 2010 for improvements in mortality in line with the medium cohort improvement rates, together with a 1% pa minimum rate of improvement. The allowances for improvements apply from calendar year 2008 and affect the assumed rates of mortality in 2009 and all future years.

In 2008, an allowance was made for future improvements in mortality by reducing the headline discount rate by 0.2% pa.

The age difference (husband - wife) is assumed to be 3 years.

The proportion of members assumed to be married depends on age at retirement and is 93% for males and 80% for females at age 63.

### The actual return on scheme assets over the period was:

	<b>2010</b>	<b>2009</b>
	<b>£m</b>	<b>£m</b>
Expected return on scheme assets	<b>2.1</b>	3.0
Asset gain/loss	<b>9.2</b>	(12.4)
<b>Total</b>	<b>11.3</b>	(9.4)

### Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	<b>2010</b>	<b>2009</b>
	<b>£m</b>	<b>£m</b>
<b>Subsidiaries</b>		
Scheme liabilities as at 1 April 2009	<b>43.0</b>	43.7
Interest cost	<b>2.7</b>	2.8
Current service cost (net of member contributions)	<b>1.5</b>	1.8
Actual member contributions	<b>0.7</b>	0.8
Actual benefit payments to the fund	<b>(1.8)</b>	(1.3)
Loss/(Gain) on change of assumptions	<b>17.1</b>	(3.8)
Experience gain	<b>(0.5)</b>	(1.0)
<b>Scheme liabilities as at 31 March 2010</b>	<b>62.7</b>	43.0

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 16. PENSION SCHEME *(Continued)*

### Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2010 £m	2009 £m
Market value as at 1 April 2009	29.6	38.0
Actual total benefit payments	(1.8)	(1.3)
Actual contributions – company (incl benefits paid by the company)	3.6	1.5
Actual contributions – members	0.7	0.8
Expected return on assets	2.1	3.0
Gain (Loss) on assets	9.2	(12.4)
<b>Market value at 31 March 2010</b>	<b>43.4</b>	<b>29.6</b>

### Analysis of amounts recognised in SoFA

	2010 £m	2009 £m
Current service cost	1.5	1.8

### Analysis of amounts credited to other finance income

Interest on scheme liabilities	2.7	2.8
Expected return on scheme assets	(2.1)	(3.0)
Net debit/(credit) to other finance income	0.6	(0.2)
<b>Total chargeable to Consolidated SoFA</b>	<b>2.1</b>	<b>1.6</b>

### Analysis of amounts recognised in gains or losses in SoFA

	2010 £m	2009 £m
Loss (Gain) on assets	(9.2)	12.4
Experience gain on liabilities	(0.5)	(1.0)
Gain on change of assumptions	17.1	(3.8)
<b>Total actuarial loss recognised in gains or losses</b>	<b>7.4</b>	<b>7.6</b>

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 16. PENSION SCHEME *(Continued)*

Amounts recognised in the balance sheet as at 31 March 2010 are:

	<b>2010</b>	<b>2009</b>
	<b>£m</b>	<b>£m</b>
Fair value of assets	<b>43.4</b>	29.6
Present value of liabilities	<b>(62.7)</b>	(43.0)
Net pension liability	<b>(19.3)</b>	(13.4)

### Analysis of actuarial (loss)/gain in the SoFA

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£m / %</b>	<b>£m / %</b>	<b>£m / %</b>	<b>£m / %</b>	<b>£m / %</b>
(Loss)/gain on scheme assets	<b>9.2</b> <b>(21.2%)</b>	(12.4) (41.9%)	(6.3) (16.6%)	(0.7) (1.8%)	4.7 13.0%
Experience gains and losses arising on scheme liabilities	<b>0.5</b> <b>0.8%</b>	1.0 2.3%	0.3 0.8%	- -	0.4 1.0%
Change in assumptions underlying the present value of the scheme liabilities	<b>17.1</b> <b>27.27%</b>	3.8 12.8%	4.9 12.9%	1.6 3.6%	(3.4) (8.2%)
<b>Actuarial (loss) / gain recognised in SoFA</b>	<b>(7.4)</b> <b>11.8%</b>	(7.6) 18.1%	(1.1) 2.1%	0.9 2.0%	1.7 4.1%

\* The percentages in the table above are in relation to the percentage of scheme assets or liabilities.

### Amounts estimated for 2011:

	<b>£m</b>
Expected benefits paid by the company for the year ending 31 March 2011	1.8
Expected company contributions for the year ending 31 March 2011	3.1
Expected member contributions for the year ending 31 March 2011	0.7

The net pension liability belongs to the Charity and its subsidiaries. The actuary advises that there is no way to allocate the historical deficit between them. Each year each of the subsidiaries, with employees in the scheme, pays the Charity for its share of any current service cost and deficit by way of a management charge and therefore the Charity accounts for the cumulative deficit (or surplus) in full.

A Stakeholder (Defined Contribution) Scheme, administered through Friends Provident, was created for all members of staff joining after 31 December 2006, which allows flexibility in investment choice by the employee. The Company doubles and matches contributions made by the employee to a maximum contribution by the Company of 10% of salary.

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 17. CAPITAL COMMITMENTS

Authorised capital expenditure which was contracted for but not provided in these accounts was as follows:

- SAP computer software and implementation £876,810.

## 18. RELATED PARTY TRANSACTIONS

With respect to NQA USA Inc. Ascertiva Group Ltd (NQA Division) provides certification oversight and advice and processes, and issues ISO registration certificates. NQA charges an agreed fee for each certificate in place at the beginning of the year and issued during the year, together with the appropriate UKAS levy. In addition NQA recharges to, and is recharged by, both concerns with certain travel expenses, assessor services, training fees and other sundry expenses.

	<b>NQA USA Inc.</b>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Charged by NQA Division</b>		
Certification fees	408	329
Reimbursable expenses	20	40
<b>Charged to NQA Division</b>		
Reimbursable expenses	36	22

The Charity has taken advantage of the exemption given by Financial Reporting Standard No.8, and has therefore not given details of transactions with its wholly-owned trading subsidiaries.

Fees amounting to £Nil (2009 £8,000) were paid to Pentangle Consulting Engineers Limited for design and consultancy work concerning the Council's Warwick House premises. This company is 60% owned by Mr Howard (A former board member). Mr Howard was also paid fees of £Nil in respect of his directorship duties with Ascertiva Group Limited and its joint venture partnerships (2009 £6,000).

Fees amounting to £15,014 (2009 £34,114) were invoiced by Architects Co-Partnership Limited for architectural services of which Mr Stratton (Board member) is a director and minority shareholder.

Mr Empson, a director of Ascertiva Group Limited, received fees amounting to £570 (2009 £9,548) for advisory and other services provided to the Council.

A close family member of a key manager is employed in a junior position by the Charity's subsidiary, Ascertiva Group Ltd. This employee was recruited independently of the key manager and his salary is set on an arms length basis.

During the year expenses were reimbursed to seven Trustees amounting to £6,260 (2009 – seven Trustees amounting to £7,853) and expenses of £7,679 were paid directly on behalf of Trustees

# Notes to the Consolidated Financial Statements

year ended 31 March 2010 *continued*

## 19. STATUS OF COMPANY

- a) The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- b) The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

## 20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

	<b>Country of Incorporation</b>	<b>Class of Share</b>	<b>Parent Company's Direct</b>	<b>Interest Indirect</b>
<b>SUBSIDIARIES</b>				
Ascertiva Group Limited (Formerly NICEIC Group Ltd )	Great Britain	Ordinary	100%	-
National Quality Assurance Limited	Great Britain	Ordinary	100%	-
JPD Group Limited	Great Britain	Ordinary	-	100%
<b>JOINT VENTURES</b>				
Shanghai NQA Certification Company Limited	China	Ordinary	-	50%
NQA Inc	USA	Ordinary	-	49.9%

**The Electrical Safety Council**

Unit 1.10, Canterbury Court, 1-3 Brixton Road, London SW9 6DE

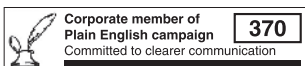
Phone: 0870 040 0561 Fax: 0870 040 0560

Email: [enquiries@esc.org.uk](mailto:enquiries@esc.org.uk) Web: [www.esc.org.uk](http://www.esc.org.uk)

*Registered Charity (England and Wales) No. 257376*

*Registered Charity (Scotland) No. SC039990*

The Electrical Safety Council is an independent charity committed to reducing deaths and injuries caused by electrical accidents at home and at work.



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