

The Electrical Safety Council
Financial Statements 2007/08

www.esc.org.uk

ELECTRICAL

SAFETY
COUNCIL

Contents

Legal and Administrative Information	4
.....	
Chairman's Statement	6
.....	
Directors' Report	7
.....	
Independent Auditors' Report	13
.....	
Statement of Financial Activities	15
.....	
Balance Sheet	16
.....	
Cash Flow Statement	17
.....	
Notes and Accounting Policies	18

The Electrical Safety Council and board members 2007/08

Board Members and Management

D P Dossett †	BEAMA Installation Limited (Chairman)
N Carter	Association for Consultancy and Engineering
M Clancy	Prospect
S J Currie	Scottish Power plc (resigned October 2007)
S Duncan	Scottish Power plc (appointed October 2007)
W J Howard †	Chartered Institution of Building Services Engineers
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
W H Wright †	Institution of Engineering & Technology

† Office Bearer and Remuneration Committee Member

Board Observer

M Leppard	Health & Safety Executive
J Speirs	Director General
J O'Connell	Company Secretary

Management Team

J Speirs	Director General
P Buckle	Director Charitable Affairs
M C Clark	Technical Director
E McCarthy	Human Resource & Change Director
A D T Moir	Chief Operating Officer, NICEIC
J O'Connell	Group Finance Director & Company Secretary

Finance Committee

D Dossett (Chairman)
S J Currie
W J Howard
J O'Connell
J Speirs
W Wright

Technical Committee

C J Tanswell (Chairman)
J Bradley (Secretary)
M C Clark
D W M Latimer
J Speirs
B F Walker
W H Wright
D Start
G Digilio
D Millar
J Hodge
G Cronshaw
A Wells
P Buckle (from January 2008)
K Clayton (from November 2007)
K Morton (from December 2007)
J M R Hagger (from January 2008)

Standing Committee on Technical Matters

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

Audit Panel

Is made up of three members comprising not less than two members of The ESB and one Executive Director

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

Registered Office

Warwick House, Houghton Hall Business Park,
Houghton Regis, Dunstable, Bedfordshire. LU5
5ZX.

Registered Company No. 570175

Registered Charity No. 257376

Chairman's Statement

2007/08

I am delighted to report in my first year as Chairman on the continuing success of The Electrical Safety Council.

This year The Electrical Safety Council has increased its efforts to raise awareness and understanding of the importance of electrical safety to all users of electricity. Our work has been helped by the performance of our trading subsidiary, NICEIC Group Ltd, which achieved excellent financial results for 2007/08. The surplus from NICEIC's activities is Gift Aided to the Charity and this has enabled us to expand our work within both the domestic and electrical contracting markets.

During the year, we have extended our influence by demonstrating that we are an open, honest and independent organisation that is easy to deal with. We pride ourselves on our work with all of our stakeholders and in particular our support of the electrical installation industry, which has resulted in initiatives such as the Open Forum that has directly benefited electricians.

We have continued to reinforce our established links within Whitehall and Westminster, working closely with officials and politicians from across all parties. I would particularly like to thank Andrew Selous, the Conservative spokesman on health and safety and the constituency MP in which our registered office is located, for his continued support.

Our efforts to raise awareness of the importance of electrical safety in the home and at work have been enhanced through the creativity and commitment of the people that we employ in the Charity. Through their work we have increased our public profile in the media, and this has in turn led to a significant increase in the number of visits to our 'Switched on Kids' website and to our main website. During the year a plan was approved to launch a national advertising campaign to help reinforce our safety message and this will be appearing on TV and in newspapers and magazines over the coming months.

During the past year we entered into discussions with The CORGI Trust on the possibility of combining these two safety bodies. The Trustees' aim is to ensure that the outcome of any combination with any other organisation is that the combined organisation will be greater than the sum of its parts

A milestone in the development of the people we employ was the achievement of the Investors in People Award. This was awarded after six months of hard work by all of those involved with the Charity, which was a fantastic achievement and reflects the dedication and commitment of those who ensure that our Vision and Mission is achieved.

The NICEIC Group has seen some changes, including the appointment of a Chief Operating Officer, which have been implemented to ensure that it continues to provide excellent service to its customers and, of course, the financial support that will allow The Electrical Safety Council to develop new and existing campaigns.

With the momentum that is being generated by the work of The Electrical Safety Council, I am confident that it will be firmly established as the centre of excellence on all matters concerning the electrical safety of installations, products and equipment and that crucially we shall see a resultant reduction in the number of electrical accidents and fatalities.

David Dossett
Chairman
The Electrical Safety Council

Directors Report for the year end 31 March 2008

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 2008. 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 29 September 2007 following the Council's Annual General Meeting when permission was sought, and granted by members, to allow payment to Trustees with Charity Commission consent.

Application has been made to become a registered Charity in Scotland. Subject to a small change in the Articles and Memorandum, which will require members' consent, we are hopeful that registration as a charity in Scotland will be achieved in the near term.

Board Members who are Directors for the purposes of company law 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.

One new Director was appointed during the year and was provided with an induction by the Director of Charitable Affairs 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 could affect the Charity. The next training session will focus on Governance. 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.

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

The Board approves the delegation of financial authority through the Director General to the rest of the group with specific limits imposed within an approved scheme of delegation.

The Director General, who also acts as the Executive Chairman of the main trading subsidiary NICEIC Group Limited, is responsible for the day to day management of both the Charity's and its subsidiaries' affairs, and for implementing the policies agreed by the Board. The Director General is assisted by a group of executives and senior managers.

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

Directors Report for the year end 31 March 2008 continued

Implementation of a revised governance structure was delayed pending the outcome of the discussions with Corgi on a proposed merger of the two organisations.

The three subcommittees in operation during the year were

- Technical Committee & The Standing Committee on Technical Matters
- Electrical Products Safety Committee
- Finance Committee

Governance and oversight of the main trading subsidiary, NICEIC Group Limited, is achieved by: clear terms of reference, the appointment of three members of the Electrical Safety Board to the subsidiary's board, and prescribed financial authority limits.

ACHIEVEMENTS AND PERFORMANCE

The Objectives of the Charity

The principal objective of the Charity remains the protection of electrical users 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, NICEIC 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:

- Partnerships (formerly entitled "Operating a watching brief for consumers")
- Raising the Profile (formerly entitled "Running a series of consumer campaigns")
- Technical Standards

Charitable activities undertaken by the Charity's trading subsidiary NICEIC Group Limited 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
 - Operation of 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

Directors Report for the year end 31 March 2008 continued

Achievements for the year

The main Key Performance Indicators are:

- The Roll of Approved Contractors has reached its highest ever level at 14,809
- Applications and registrants for the Domestic Installer Scheme grew to 9,670
- In excess of 948,000 building control notifications were made to local authorities
- Over 2,300 people attended electrical training courses
- Development of further DVD electrical training materials
- Production of various materials to support the publication of the 17 Edition of the Wiring Regulations, as well as over 7,000 Contractors attending our free 17th Edition Taster Seminars.
- Accreditation to Investors in People by the Charity
- Implementation of a Risk Register for both the Charity and the Commercial Group
- Development of two industry wide committees
 - Electrical Safety of Products
 - Electrical Installation Forum

Further details of the year's achievements are detailed in the Annual Review.

Future Plans

- Implementation of the Charity's five year strategic plan.
- Improving consumer knowledge of electrical safety matters.
- Hosting an international Product Safety Conference to raise awareness of product safety activities.
- Developing and launching a website targeted at youths aged 12 and above.
- Launching a campaign aimed at improving the general standard of periodic reporting.
- Developing a more localized focus on electrical safety issues in Scotland and Northern Ireland.
- Continuing growth in the roll of Approved Contractor and Domestic Installers driven in part by enforcement of the existing legislation.

Directors Report for the year end 31 March 2008 continued

FINANCIAL POSITION AND RESERVES

In summary total incoming resources increased by 8% to £34.0M, whilst total resources expended increased broadly in line with the revenue increase to £31,524K resulting in a surplus for the year of £2,473K an increase of £312K.

The Charity's income grew due to the increase in average investment balances as well as increasing returns and licensing charges to the Commercial Group to operate The Roll of Approved Contractors.

Income from charitable activities has increased by 11% reflecting the growth in the Rolls of both Approved Contractors and Domestic Installer Scheme (Part P Scheme) registrants allied with significant income from insurance backed warranty and Building Control notifications. The Charity's subsidiary, NICEIC Group Limited, generated most of the Group's charitable income.

Total charitable expenditure of £17,622K has increased compared with the previous year due to the growth of the Schemes, as well as preparing Contractors for the 17th Edition of the Wiring Regulations.

Charitable expenditure incurred in the Charity amounted to £1,994K an increase of 10% on the previous year.

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

Revenue from subsidiary funded activities grew from £12.8M to £13.0M, a 1.6% increase.

NICEIC Group Limited has enjoyed good financial growth during the year driven by the implementation of the 5 Year Strategic Plan, initiated the previous financial year, and meeting its customers' requirements for 17th edition training and publication materials. This solid financial success has resulted in a big increase in gift aid to £4,421K (2007 - £3,374K).

Charity Cash and investment balances have increased to £15.9M resulting from increased profitability from trading activities.

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 the sale of premises at Wavertree Technology Park, Liverpool, and because expenditure on fixed assets was less than the depreciation charge.

Governance Costs increased to £466K from £347K. This was mostly attributable to the costs incurred on the proposed CORGI merger (£141K). The financial position of the Group remains sound with total reserves, which are wholly unrestricted, standing at £15.3M.

Investment Policy and Returns

Significant changes in the funding structure have occurred in the Group since the Charity's investment policy was formulated a number of years ago. The previous investment policy, which was highly risk adverse, had as its objective to invest primarily for security and liquidity which resulted in an investment portfolio comprising fixed term deposits and bonds.

The Finance Committee believed it timely to review the Charity's investment policy and fund management activities, which provides the framework for the Charity's investment strategy.

Directors Report for the year end 31 March 2008 continued

Having taken independent advice, the revised investment policy now has as its objectives "to enhance, in so far as is reasonable, with the avoidance of undue risk, the real value of the capital."

Following an extensive selection process two fund managers were appointed: Cazenove and HSBC.

Discussions are now in hand with the newly appointed investment managers to establish agreed benchmarks for measuring future performance of the investment portfolio.

Reserves and Risk Assessment

The year under review saw a drive to improve risk management processes within the Group and to provide increased transparency and visibility to Trustees in this key area. The development of formal risk registers was the key element in the process. The process identified the types of risks the Charity faces, prioritised them in terms of likelihood of occurrence and potential impact, and identified ways to mitigate these risks. The risk management processes now in place are becoming embedded in the day to day operations of the Charity: a similar process is underway in the subsidiaries .

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 risks include single sourcing funding, the final pension salary scheme. The Committee also recognises that assets such as fixed assets are not easily or quickly realized

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 activities,
- the commitment to the Technical Manual, and
- sufficient time to reorganise and dispose of long term assets in the event of a down turn

The Finance Committee has recommended that reserves amounting to three times discretionary charitable expenditure should be maintained after provision has been made for designated investments in tangible fixed assets which cannot be easily liquidated. Charity reserves currently approximate 90% of this target.

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 risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is also exposed to some foreign exchange risk through its joint ventures and NQA'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.

Directors Report for the year end 31 March 2008 continued

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 annual 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 are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to 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 of the group, including its income and expenditure, for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- 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 proper 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 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 himself aware of any relevant audit information and to establish that the company'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
7th August 2008

Independent Auditors' Report to the members of The Electrical Safety Council

We have audited the financial statements of The Electrical Safety Council for the year ended 31st March 2008 which comprise the Consolidated Statement of Financial Activities, the 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 company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities (who also act as trustees for the charitable activities of The Electrical Safety Council) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the Statement of Directors' Responsibilities.

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 and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' 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 any other information.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Independent Auditors' Report to the members 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 Group's and company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the charitable company's affairs as at 31st March 2008 and of the Group's result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and the information given in the Directors' Report is consistent with the financial statements.

PKF(UK)LLP
Registered Auditors
London
7th August 2008

The Electrical Safety Council consolidated statement of financial activities

YEAR ENDED 31 MARCH 2008

	Note	Unrestricted Funds £000's	Trading Subsidiaries £000's	2008 Total Funds £000's	2007 Total Funds £000's
INCOMING RESOURCES FROM:					
Generated Funds					
Investment Income		911	-	911	502
Turnover of Trading Subsidiaries	2	-	12,972	12,972	12,780
		911	12,972	13,883	13,282
Charitable Activities					
Certification Activities		-	14,646	14,646	13,148
Training Activities		-	1,223	1,223	1,224
Electrical Contractor Support Activities		-	4,238	4,238	3,671
			20,107	20,107	18,043
Other Incoming Resources		7	-	7	45
TOTAL INCOMING RESOURCES		918	33,079	33,997	31,370
RESOURCES EXPENDED:					
Cost of Generating Funds					
Investment Management Costs and Fundraising		61	-	61	49
Trading Costs	2	-	13,375	13,375	12,028
		61	13,375	13,436	12,077
Charitable Activities					
Partnerships		534	-	534	354
Raising the Profile		1,603	-	1,603	1,064
Technical Standards		491	-	491	323
Certification Activities		-	10,362	10,362	10,972
Training Activities		-	1,198	1,198	1,209
Electrical Contractor Support Activities		-	3,434	3,434	2,863
		2,628	14,994	17,622	16,785
Governance Costs		466	-	466	347
TOTAL RESOURCES EXPENDED		3,155	28,369	31,524	29,209
NET INCOMING / (OUTGOING) RESOURCES	7	(2,237)	4,710	2,473	2,161
Gains on Sale of Freehold Property		-	-	-	1,995
Actuarial Gains on Pension Scheme	17	(1,100)	-	(1,100)	900
Transfer of gift aid		4,421	(4,421)	-	-
NET MOVEMENT IN FUNDS		1,084	289	1,373	5,056
Total Funds at 1 April 2007				13,918	8,862
Total Funds at 31 March 2008				15,291	13,918

All funds are unrestricted. All recognised gains and losses are included above. All amounts are derived from continuing activities.

The Electrical Safety Council

Balance Sheet

AS AT 31 MARCH 2008

	Note	Group 2008 £000's	Charity 2008 £000's	Group 2007 £000's	Charity 2007 £000's
FIXED ASSETS:					
Intangible Assets	9	1,855	-	2,277	-
Tangible Assets	10	7,422	6,875	7,838	7,219
Investments	11	475	260	381	260
		9,752	7,135	10,496	7,479
CURRENT ASSETS:					
Stocks		611	-	335	-
Debtors	12	2,130	-	2,184	-
Short Term Investments	13	6	-	6	-
Cash at Bank & in Hand		16,393	15,850	12,285	11,739
		19,140	15,850	14,810	11,739
CURRENT LIABILITIES:					
Amounts Falling Due Within One Year	14	(7,901)	(1,538)	(6,688)	(450)
		11,239	14,312	8,122	11,289
NET CURRENT ASSETS:					
		20,991	21,447	18,618	18,768
TOTAL ASSETS LESS CURRENT LIABILITIES:					
		20,991	21,447	18,618	18,768
DEFINED BENEFIT PENSION SCHEME LIABILITY:					
	17	(5,700)	(5,700)	(4,700)	(4,700)
		15,291	15,747	13,918	14,068
THE FUNDS OF THE CHARITY					
UNRESTRICTED INCOME FUNDS		20,991	21,447	18,618	18,768
PENSION RESERVE	17	(5,700)	(5,700)	(4,700)	(4,700)
TOTAL CHARITY FUNDS		15,291	15,747	13,918	14,068

Approved by the Board of Directors and authorised for issue on 7th August 2008, and signed on their behalf by:

D Dossett - Chairman

The Electrical Safety Council

Consolidated Cash Flow Statement

YEAR ENDED 31 MARCH 2008

	2008 £000's	2007 £000's
CASH FLOW STATEMENT		
Net cash inflow from operating activities (per note A below)	3,252	3,980
Returns on investments and servicing of finance (per note B below)	1,026	686
Capital expenditure and financial investment (per note C below)	(170)	2,684
Net cash inflow before management of liquid resources	4,108	7,350
Management of liquid resources - sale of investments	-	(4)
Increase in Cash in Year	4,108	7,346

Analysis of Net Funds	At 01.04.07 £000's	Cashflow Movement £000's	At 31.03.08 £000's
Cash at bank and in hand	12,285	4,108	16,393
Investments	6	-	6
	12,291	4,108	16,399

CASHFLOW STATEMENT NOTES

A. Reconciliation of changes in resources to net cash inflow from operating activities

Net incoming resources	2,473	2,161
Interest received and investment income	(911)	(502)
Profit on sale of fixed assets	(46)	(24)
Depreciation and amortisation	1,053	1,230
Taxation paid by subsidiaries	162	110
(Decrease)/increase in pension fund deficit	(100)	400
Share of joint venture profit	(361)	(222)
Goodwill acquired by NQA Inc	(8)	(71)
Decrease/(increase) in stocks	(276)	70
(Increase) in debtors	54	(52)
Increase in creditors	1,212	880
Net Cash Inflow from Operating Activities	3,252	3,980

B. Returns on Investment and Servicing of Finance

Interest received	911	502
Distribution from Joint Venture	115	184
	1,026	686

C. Capital Expenditure and Financial Investments

Purchase of fixed assets	413	300
Sale of fixed assets	(243)	(2,984)
	170	(2,684)

Notes to the consolidated financial statements

YEAR ENDED 31 MARCH 2008

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, NICEIC 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 230 of the Companies Act 1985, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's result for the year was £1,084K surplus (2007 - £4,641k 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.

Notes to the consolidated financial statements continued

(f) Depreciation

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

Computer equipment	- 33 $\frac{1}{3}$ % 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.

(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.

(j) Valuation of Current Asset Investments

Current assets 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.

(k) 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.

Notes to the consolidated financial statements continued

(I) Pension Cost

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

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 SOFA 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 SOFA.

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 activities of subsidiaries

With effect from 31 March 2005 the Group was re-organised and the business and undertakings of the four former subsidiary companies were transferred into NQA Ltd, a previously dormant & wholly owned subsidiary company. In addition the support departments were transferred to NQA Ltd, these were Finance, Marketing, Business Development, Human Resources, IT and Administration. NQA Ltd was then renamed NICEIC Group Limited, and trading commenced on 1 April 2005.

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

- NQA Division (formerly National Quality Assurance). 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 & Domestic Installer Schemes. Within this Division are:
 - NICEIC Direct sells certificates, publications and other goods.
 - Training of electrical contractors
- NICEIC Certification Division is an accredited personal certification body.

Notes to the consolidated financial statements continued

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.

3 Investment Income and Interest

	Group	
	2008 £000's	2007 £000's
Bank interest	911	502
	911	502

4 Support Costs Analysis

	Management £000's	Finance £000's	Information Technology £000's	Human Resources £000's	Total 2007/08 £000's	Total 2006/07 £000's
COST OF GENERATING FUNDS						
Investment Management	-	24	9	2	35	31
CHARITABLE ACTIVITIES						
Watching Brief for Consumers	42	4	39	11	96	48
Specific Niche Campaigns	42	4	10	3	59	18
Industry Monitor	42	4	5	1	52	18
Certification Activities	539	224	389	110	1,262	668
Training Activities	84	40	48	14	186	95
Electrical Contractor Support Activities	84	40	48	14	186	96
GOVERNANCE						
	8	60	10	3	81	67
TOTAL SUPPORT COSTS	841	400	558	158	1,957	1,041

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 continued

YEAR ENDED 31 MARCH 2008

5 Staff Costs

	Charity		Group	
	2008 £000's	2007 £000's	2008 £000's	2007 £000's
Staff Costs				
Wages and salaries	1,046	789	12,229	11,390
Agency salaries	1	-	332	309
Social security costs	104	83	1,125	1,096
Pension costs	137	106	2,294	2,093
Healthcare plan	7	6	120	87
	1,295	984	16,100	14,975

The average number of staff employed during the period was 348 (2007: 342). This includes 336 (2007: 325) staff employed by subsidiary companies.

6 Emoluments of employees and Directors and related party transactions

In 2008 the highest paid employee received £123,717 (2007: £112,488), excluding pension contributions, but including bonus.

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

	2008	2007
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	-	-
£130,001 - £140,000	1	-
	6	4

7 Net Outgoing resources

	2008 £000's	2007 £000's
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees	69	63
Non audit fees paid to auditors	22	-
Amortisation of goodwill	422	425
Depreciation of tangible fixed assets	631	805
Operating lease charges:		
Land and buildings	46	22
Plant, machinery & vehicles	769	639
(Profit) on sale of fixed assets	(46)	(2,019)
Taxation	100	100

Notes to the consolidated financial statements continued

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

	2008 £000's	2007 £000's
Group		
As at 1 April 2007	2,277	2,702
Goodwill acquired in the year	-	-
Amortisation for the year	(422)	(425)
As at 31 March 2008	1,855	2,277

Goodwill acquired in the year was £nil (2007 - £nil).

10 Tangible Fixed Assets

GROUP	Freehold Land & Buildings £000's	Leasehold Land & Buildings £000's	Office & Computer Equipment £000's	Vehicles £000's	TOTAL £000's
ORIGINAL COST					
B/fwd	7,584	367	2,658	206	10,815
Additions	1	-	412	-	413
Disposals	-	(211)	-	(33)	(244)
C/fwd	7,585	156	3,070	173	10,984
DEPRECIATION					
B/fwd	608	116	2,101	152	2,977
Charge	159	25	408	39	631
Disposals	-	(15)	-	(31)	(46)
C/fwd	767	126	2,509	160	3,562
NET BOOK VALUE					
As at 31 March 2007	6,976	251	557	54	7,838
As at 31 March 2008	6,818	30	561	13	7,422

Land, which is not depreciated, amounted to £710,000 (2007: £710,000.)

Notes to the consolidated financial statements continued

YEAR ENDED 31 MARCH 2008

10 TANGIBLE FIXED ASSETS continued

CHARITY	Freehold Land & Buildings £000's	Leasehold Land & Buildings £000's	Equipment	Vehicles £000's	TOTAL £000's
ORIGINAL COST					
B/fwd	7,584	245	-	47	7,876
Additions	1	-	-	-	1
Transfers	-	-	91	27	118
Disposals	-	(211)	-	(21)	(232)
C/fwd	7,585	34	91	53	7,763
DEPRECIATION					
B/fwd	608	16	-	33	657
Charge	159	9	19	17	204
Transfers	-	-	51	12	63
Disposals	-	(15)	-	(21)	(36)
C/fwd	767	10	70	41	888
NET BOOK VALUE					
As at 31 March 2007	6,976	229	-	14	7,219
As at 31 March 2008	6,818	24	21	12	6,875

Land, which is not depreciated, amounted to £710,000 (2007: £710,000.)

Notes to the consolidated financial statements continued

11 INVESTMENTS

	2008 £000's	2007 £000's
Group		
Joint Ventures:		
At 1 April 2007	381	414
Share of profit for the year	321	222
Acquisition by NQA Inc (inc covenant)	(112)	(71)
Less: remitted to the Group	(115)	(184)
	475	381
Share of Joint Ventures:		
Fixed assets	67	64
Current assets	1,004	843
Goodwill	57	-
Creditors	(653)	(526)
	475	381

NICEIC 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. The 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. It is intended that this shareholding shall transfer to NICEIC Group Ltd during 2008/09.

Disclosures in relation to joint ventures above have not been shown on the face of the balance sheet as required by FRS 9, on the basis that the amounts are not material.

During the year, NICEIC Group Limited invested £3K in the share capital of NQA Korea, one of its agents, for a minority holding.

Charity

Subsidiaries:

At 1 April and 31 March	260	260
-------------------------	------------	-----

Notes to the consolidated financial statements continued

YEAR ENDED 31 MARCH 2008

12 DEBTORS

	Group 2008 £000's	Charity 2008 £000's	Group 2007 £000's	Charity 2007 £000's
Trade debtors	1,155	-	1,225	-
Other debtors	43	-	51	-
Amount due from subsidiary undertakings	-	-	-	-
Prepayments	444	-	350	-
Accrued income	488	-	558	-
	2,130	-	2,184	-

13 SHORT TERM INVESTMENTS

	2008 £000's	2007 £000's
Group		
Market values as at 1 April 2007	6	6
Unrealised investment gains	-	-
Market values as at 31 March 2008	6	6
Historical cost as at 31 March 2008	10	10
Investments are represented by:		
UK fixed interest securities	6	6
Total	6	6

Notes to the consolidated financial statements continued

14 CREDITORS

	Group 2008 £000's	Charity 2008 £000's	Group 2007 £000's	Charity 2007 £000's
Amounts falling due within one year				
Trade creditors	3,056	-	2,116	-
Social security and other taxes	376	-	569	-
Accruals and deferred income	4,369	-	3,903	-
Amount due to subsidiary undertakings	-	1,538	-	450
Corporation tax	100	-	100	-
	7,901	1,538	6,688	450

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

15 LEASING COMMITMENTS

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

	2008		2007	
	Land and buildings £000's	Other £000's	Land and buildings £000's	Other £000's
Charity				
Expiring within one year	-	2	-	3
Expiring within two to five years inclusive	31	33	31	26
	31	35	31	29
Group				
Expiring within one year	-	137	-	170
Expiring within two to five years inclusive	31	468	46	366
	31	605	46	536

Notes to the consolidated financial statements continued

YEAR ENDED 31 MARCH 2008

16 INSURANCE

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

17 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 new Stakeholder (Defined Contribution) Scheme, administered through Friends Provident, was created for all new members of staff, which allows flexibility in investment choice by the employee. The Company doubles & matches contribution made by the employee to a maximum contribution by the Company of 10% of salary.

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:

	March 31 2008	March 31 2007	March 31 2006
Pension increases	3.7%	3.2%	3.0%
Pay increases	5.7%	5.2%	5.0%
Inflation	3.7%	3.2%	3.0%
Discount factor for liabilities	6.5%	5.4%	5.0%

The assets of the scheme and the expected rates of return at 31 March 2008 are:

	Value 2008 £m	Expected Long term return	Value 2007 £m	Expected Long term return	Value 2006 £m	Expected Long term return
Equities	27.6	9.0%	33.5	8.1%	31.4	8.0%
Bonds	8.9	4.5%	3.4	4.8%	2.6	4.4%
Property	0.0	6.8%	0.4	6.5%	0.6	6.2%
Cash	1.5	5.5%	2.7	5.0%	1.6	4.0%
	38.0		40.0		36.2	

Notes to the consolidated financial statements continued

17 PENSION SCHEME continued

The approximate fair values of the scheme as at 31 March 2008 are:

	2008 £m	2007 £m	2006 £m
Fair value of assets	38.0	40.0	36.2
Present value of liabilities	(43.7)	(44.7)	(41.4)
Net pension (liability)	(5.7)	(4.7)	(5.2)

Movement in deficit during the year

	2008 £m	2007 £m
Deficit in the scheme at beginning of year	(4.7)	(5.2)
Contributions paid	1.6	1.6
Current service cost	(2.2)	(2.7)
Other finance income	0.7	0.7
Actuarial gain	(1.1)	0.9
Deficit in the scheme at end of year	(5.7)	(4.7)

Analysis of amounts chargeable to Consolidated SoFA

	2008 £m	2007 £m
Current service cost	2.2	2.5
Interest on scheme liabilities	2.4	2.1
Expected return on scheme assets	(3.1)	(2.8)
Net charge to consolidated SOFA	1.5	2.0

Notes to the consolidated financial statements continued

YEAR ENDED 31 MARCH 2008

17 PENSION SCHEME continued

Analysis of actuarial gain in the SOFA

	2008 £m / %	2007 £m / %	2006 £m / %	2005 £m / %	2004 £m / %
Actuarial return less expected return on scheme assets	(6.3) (16.6%)	(0.7) (1.8%)	4.7 13.0%	1.2 4.4%	3.2 14.0%
Experience gains and losses arising on scheme liabilities	0.3 0.8%	- -	0.4 1.0%	(0.5) (1.5%)	- -
Change in assumptions underlying the present value of the scheme liabilities	4.9 12.9%	1.6 3.6%	(3.4) (8.2%)	(0.6) (1.8%)	(1.5) (5.2%)
Actuarial gain/(loss) recognized in SOFA	(1.1)	0.9	1.7	0.1	1.7

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

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.

18 RELATED PARTY TRANSACTIONS

With respect to NQA USA Inc. NICEIC 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.

	2008 £000's	2007 £000's
Charged by NQA Division		
Certification fees	199	242
Reimbursable expenses	18	20
Charged to NQA Division		
Reimbursable expenses	33	33

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.

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

19 STATUS OF COMPANY

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income or gains arising from the charitable activities of the company.

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.

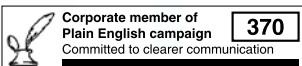
	Country of Incorporation	Class of Share	Parent Company's Direct	Interest Indirect
Subsidiaries				
NICEIC Group Limited	Great Britain	Ordinary	100%	-
National Quality Assurance Limited	"	"	100%	-
JPD Group Limited	"	"	-	100%
Joint Ventures				
Shanghai NQA Certification Company Limited	China	Ordinary	-	50%
NQA Inc	USA	Ordinary	-	49.9%

The Electrical Safety Council

18 Buckingham Gate, London, SW1E 6LB Phone: 0870 040 0561 Fax: 0870 040 0560
Email: enquiries@esc.org.uk Web: www.esc.org.uk

Registered Charity No. 257376

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



E002-1 0507



Printed on FSC accredited recycled paper.

ELECTRICAL

SAFETY
COUNCIL