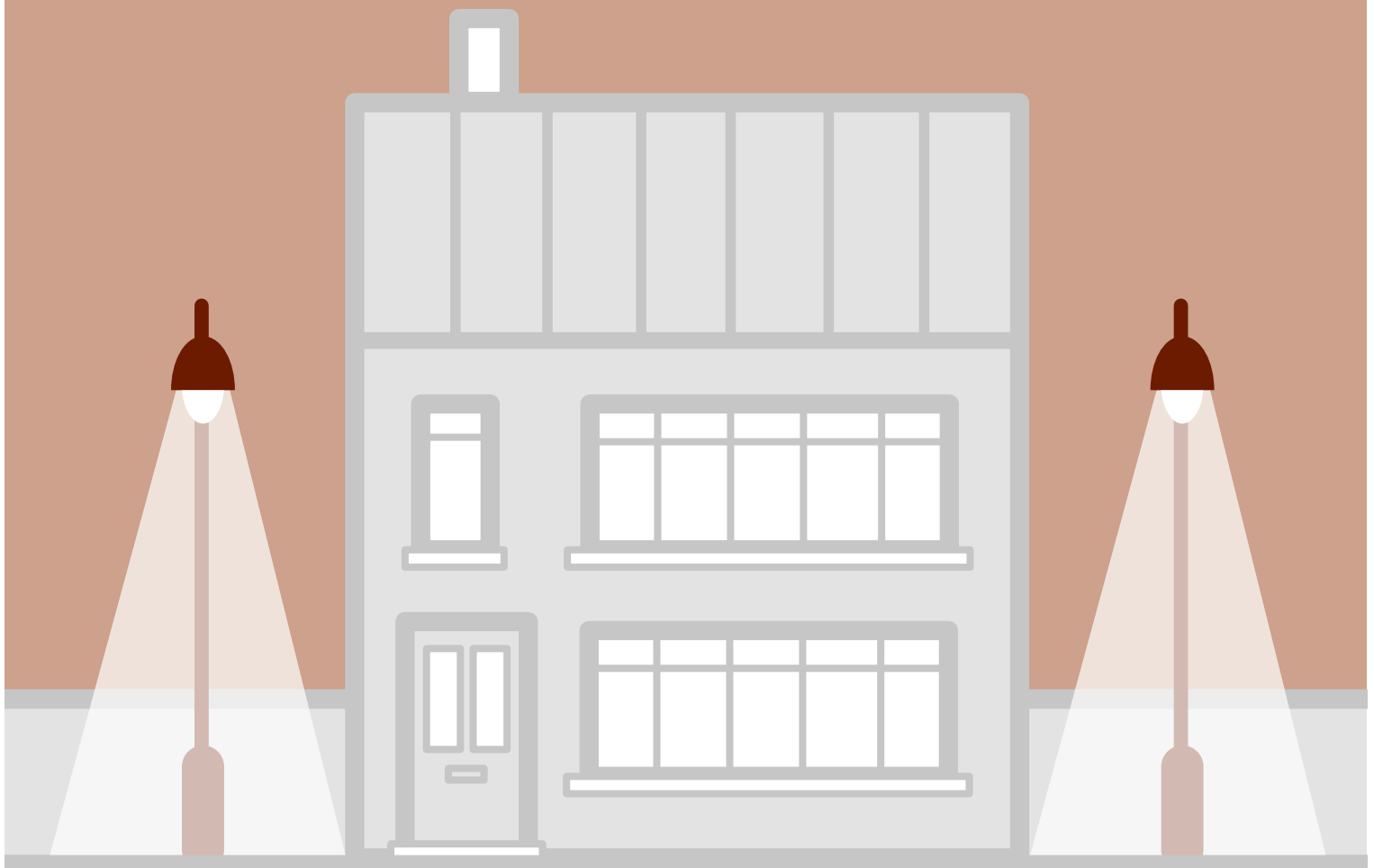


ANNUAL REPORT 2015-16



First for Electrical Safety Advice



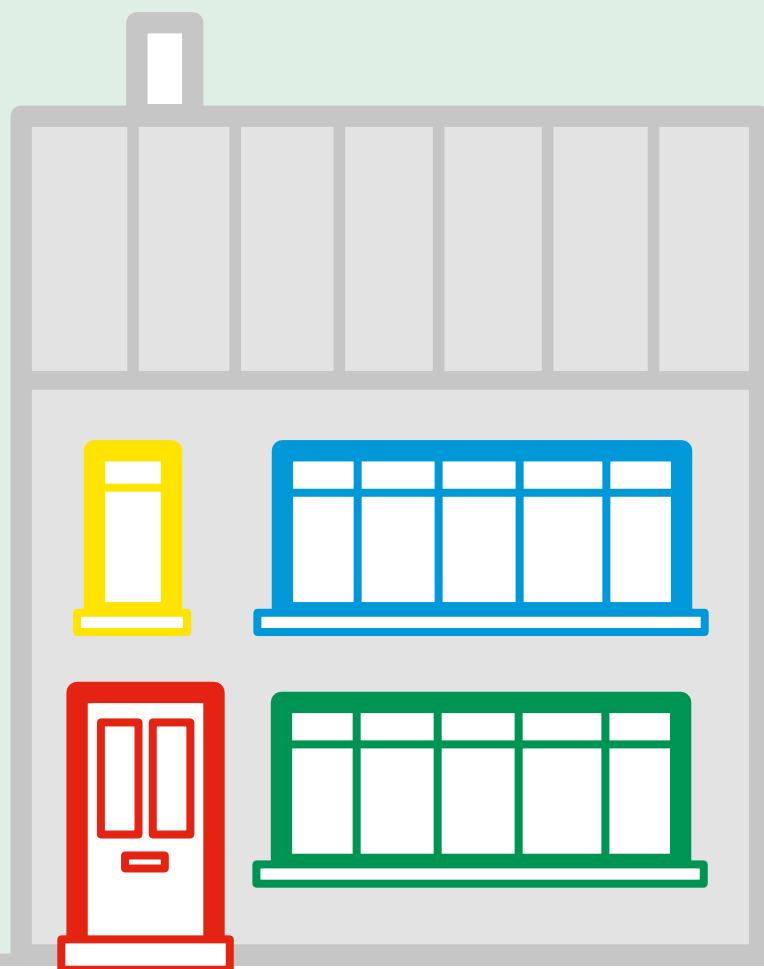
ABOUT ELECTRICAL SAFETY FIRST

Electrical Safety First is the UK charity dedicated to reducing deaths and injuries caused by electrical accidents. Our aim is to ensure everyone in the UK can use electricity safely.

We campaign on behalf of consumers and electrical trade professionals to improve safety regulation and make sure that safety messages are appropriate, up to date and well communicated. We provide expert information and advice to help people protect themselves from faulty, damaged, sub-standard and poorly maintained electrical installations and appliances.



... We are recognised by government and industry as the leading campaigning charity and technical authority on electrical safety ...





CHAIRMAN'S INTRODUCTION

This year I have taken on the role of Acting Chair, due to the unfortunate circumstance of our Chairman Diane Johnson being unwell, her presence is very much missed.

On Diane's behalf I am pleased to report that during this year we have seen excellent results in our campaigning activity, with an increase in awareness around key issues such as product recalls and counterfeit electrical products, all evident in our annual consumer survey.


We have also strengthened our existing relationships with the Electrical Scheme Operators and trade associations, as well as developing new partnerships with retailers, manufacturers and other organisations.

It is very pleasing to see that the Charity's engagement with government across the UK continues to grow and is leading to tangible improvements in electrical safety standards. In addition, our relationships with local Trading Standards offices and the Fire and Rescue Services go from strength to strength.

One of the priorities identified in our strategy for 2015-20 is to further develop our income streams, whether through direct funding, sponsorship or providing new income-generating services. With this in mind, the Charity has developed a range of fee-earning consultancy services for product safety, aimed at manufacturers, importers, retailers and Trading Standards offices. These services include risk assessment, product safety training, independent testing and guidance for buyers of electrical products, in support of due diligence and risk management.

As always, my thanks go to the Chief Executive and the whole team at Electrical Safety First for their hard work and achievements that have resulted in another successful year for the Charity. Also, on behalf of my fellow Trustees, I also thank all the team at Certsure, whose support enables the Charity to continue its aims in having an electrically safe environment for our daily lives and activities.

Bryn Walker
Acting Chairman

 ... Income generated from our new services will support our consumer campaigning activities ...



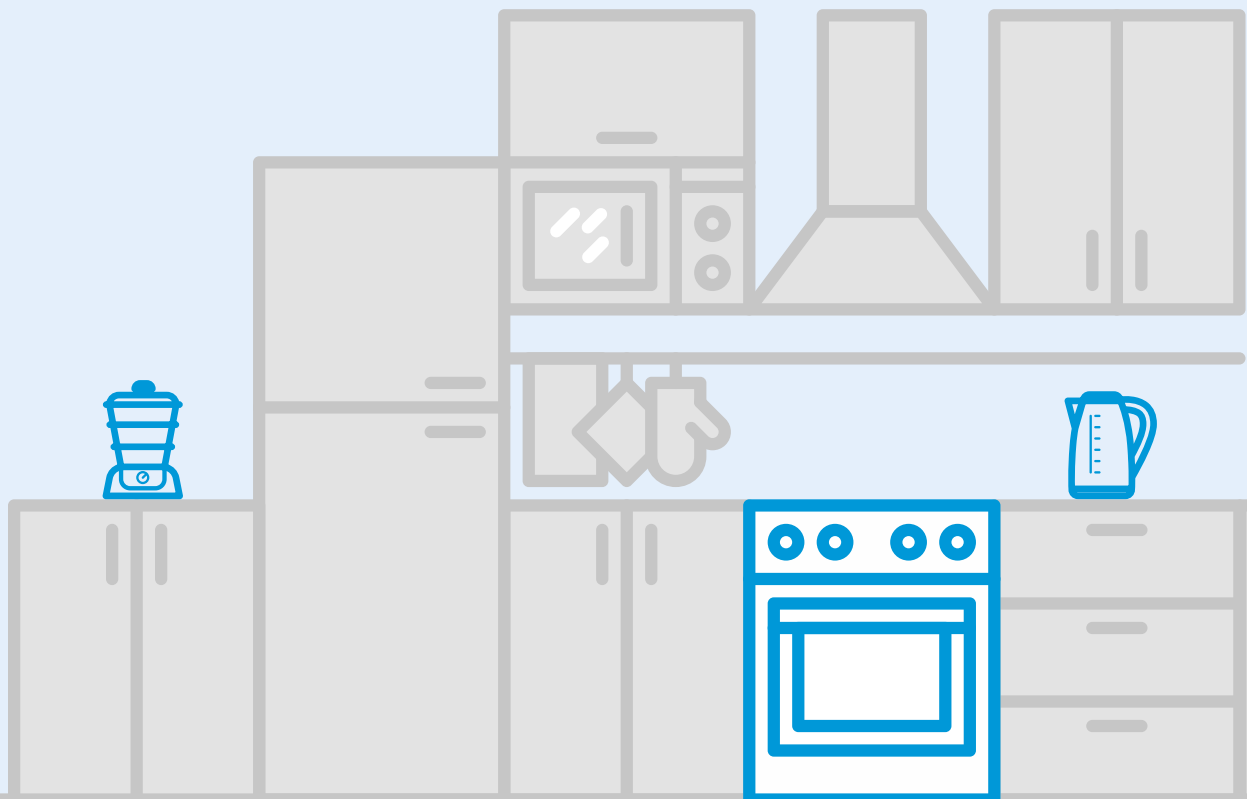


CHIEF EXECUTIVE'S INTRODUCTION

It is now two years since the Charity rebranded as Electrical Safety First, and since then our new brand has gone from strength to strength, achieving higher levels of consumer engagement than ever before through our media and digital campaigns, and making tangible progress in the promotion of electrical safety with political and other key stakeholders.

Following last year's General Election, we sent a briefing to the 182 new MPs who entered Parliament and have produced manifestos highlighting our key policies for England, Scotland, Wales and Northern Ireland. Following the Referendum on Britain's membership of the EU in June, we are facing an uncertain political landscape, but we remain committed to working to ensure the safety of consumers in the UK.

Safety for tenants in privately rented properties continues to be a priority and we have seen significant progress this year. Following the introduction of mandatory five-yearly electrical checks in privately rented homes in Scotland, we have continued to campaign for similar checks to be introduced at Westminster and the other devolved assemblies. We are pleased the Government has come forward with legislation in the Housing and Planning Act that we hope will mean regulations are brought forward to permit mandatory electrical safety checks to be introduced for privately rented properties.





... We are continuing to work closely with the Government in order to ensure that tenants live in safer homes ...

In April last year the Government announced its review of the UK's recall system, which came about as a result of our lobbying and raising awareness during the passage of the Consumer Rights Act. The results of the Review and the Government's response to it were published in February and included recommendations we have long called for, including a method of co-ordinating the recall system and for better sharing of information by the industry. Electrical Safety First has been invited to join the Steering Group tasked with developing a plan to implement the Review's recommendations.

The Review was led by consumer champion and journalist Lynn Faulds Wood, who also chaired our annual product safety conference in November. With more delegates and exhibitors than ever before, the day was a big success and key issues raised will be followed up at further events and seminars in 2016.

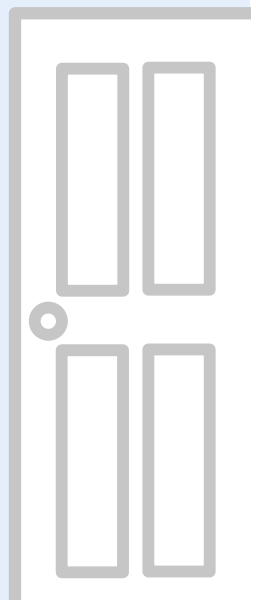
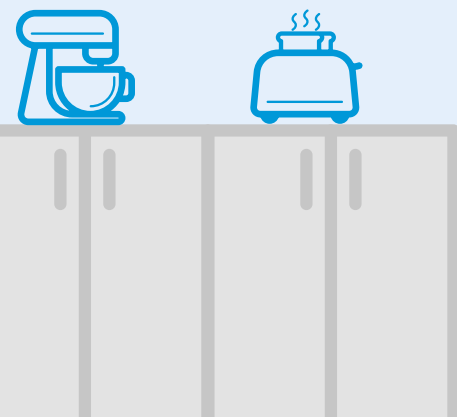
At the conference we launched a new report, *A Shocking Rip-Off: The True Cost of Counterfeit Electrical Products*. We have been highlighting the risks associated with counterfeit electrical products for some time now, but with a rise in the number of goods entering the UK marketplace and increasing sales via online portals and social media, our report outlines a series of recommendations to help ensure that when consumers buy an electrical product they get the real deal, and not an accident waiting to happen.

This year we have taken steps to secure the Charity's financial future. We have strengthened our in-house teams so that we are less reliant on external agencies. We have also bought a property for our new permanent office, cutting down on rental costs, and also providing income as we will be able to rent out some of the space.

Having taken over the secretariat of EuroSafe in 2015, this year we launched a new website for the organisation which presents home and leisure accident data for 22 individual countries within the EU region, offering health and safety practitioners and related organisations access to key injury data that is unavailable elsewhere.

I would like to finish by thanking all of the staff at Electrical Safety First and Certsure LLP for their contribution towards another successful year for the Charity. My thanks also go to our Trustees for their guidance and support during the year.

Phil Buckle
Chief Executive



RAISING AWARENESS MEDIA AND DIGITAL CAMPAIGNS

This year we supported our media campaigns with digital content, using video, quizzes and animations to reach a wider audience with our messages. We partnered with organisations including CFA and the Government's Fire Kills campaign, as well as working with celebrities like property expert Martin Roberts and, reaching out to a younger audience, Fred Sirieix from *First Dates* and *Made In Chelsea's* Andy Jordan.

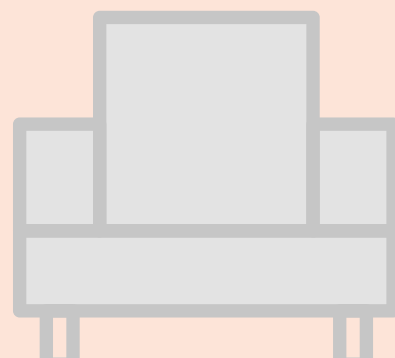
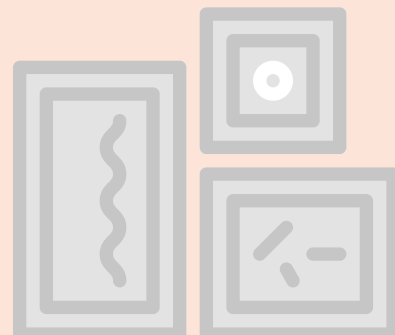
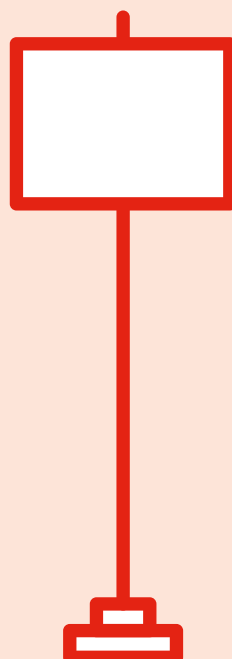
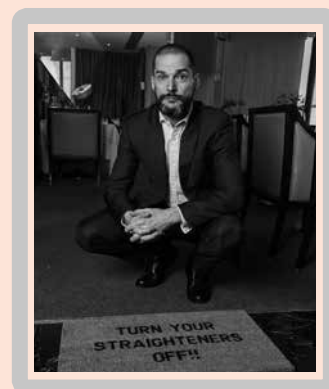
Our campaigns targeted students, older people and home buyers as well as warning against buying counterfeit electrical goods and stressing the importance of registering electrical products and responding to recall notices. We have continued to promote AMDEA's Register My Appliance website, which offers consumers one place where they can register almost all of their electrical products.

Increasingly during the year, the media came to us for expert comment on topical issues. We contributed to the BBC's *Rip Off Britain* in an episode that showed the dangers of fake Nutribullet food blenders and one covering product recalls.

At Christmas, the "must have" present looked to be the hoverboard, until a series of incidents highlighted that there were a number of safety issues with them. Our advice was picked up by national print and broadcast media, including *Watchdog*.

Product recalls continued to make the news, with high-profile tumble dryer recalls dominating consumer headlines early in 2016. The Charity contributed to national TV, radio and print coverage, with our website proving to be a very popular source of advice. In the first quarter of 2016, we had over 235,000 visits to the product recall pages, accounting for 18% of all website traffic during that period.

... In the first quarter of 2016, we had over **235,000** visits to the product recall pages ...



CAMPAIGN HIGHLIGHTS

Press P September 2015

Tackling the lack of awareness of Part P of the Building Regulations, our interactive video followed Dad's decision. With a broken fusebox to fix before a very special birthday, viewers were invited to "Press P" on their keyboard to jump between two different stories – one that showed Dad calling out a registered electrician to do the work and one showing what happened when he decided to do it himself. The outcome stressed the importance of leaving complex electrical work to the professionals.

www.pressforparty.com

Pets Home Alone November 2015

For Electrical Fire Safety Week, we targeted the nation's pet lovers, using the emotive pull of a pet in danger to warn against leaving chargers unattended, a major fire risk. Our video showed a cat and dog having fun at home after their owner had gone out for the day, taking a serious twist as we see a fire start, caused by a phone that has been left plugged in to charge. Our video was viewed over 320,000 times within a month of its launch, and the campaign had an impressive 36,000 social media interactions, including 11,896 "likes", 18,027 shares and 5,868 comments.

www.electricalsafetyfirst.org.uk/petshomealone

Pull the Plug March 2016

We took a different approach to the problem of young adults forgetting to switch off hair straighteners, suggesting that they should 'pull the plug' on a dodgy date by using the line "I'm sorry, I think I left my hair straighteners switched on" – a perfect excuse to leave an awkward dinner date and also one that would get the idea of switching electrical beauty products off into people's heads as they prepare for a night out. Our media campaign looked at dating behaviour and experiences with beauty products (46% had panicked that they had left products switched on) and was supported by First Dates star Fred Sirieix. We also engaged vlogger Kiera Rose to share our message with her audience in a video that received over 25,000 views. Supported by an online quiz to find your dating personality and a series of vox pops in which young women revealed their dating disasters, the campaign aimed to #pulltheplug on beauty burns.

www.electricalsafetyfirst.org.uk/pulltheplug

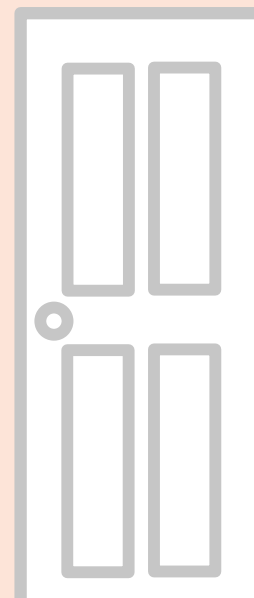
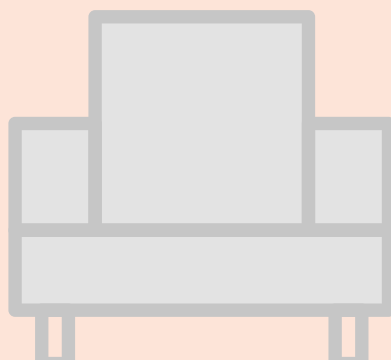
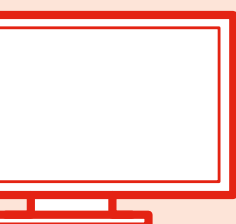


... PETS HOME ALONE.

Our video was viewed over

320,000

times within a month of its launch ...



ELECTRICAL SAFETY FIRST ONLINE

Launched as part of the Charity's rebrand in April 2014, the Electrical Safety First website has seen a consistent increase in visitors, with a 118% rise in traffic year-on-year. In 2015-16 we had:

Total Visits: 2,285,996 **Unique Visitors: 1,926,724** **Page Views: 3,718,025**

Peaks in site visits can be seen to coincide with campaign launches and national broadcast appearances. The Pets Home Alone campaign launched on 11th November, with the website receiving 55,953 visits in one day. During February 2016, increased media interest in a high-profile tumble dryer recall led to 175,000 visits to our guidance on electrical product recalls, accounting for a third of all website traffic for the month.

Best Performing Technical Pages:

Best Practice Guides
87,812 visitors
(2.36% of total traffic)

Wiring Regulations Landing Page
84,103 (2.26%)

New, Re-Wired and Similar Installations (Wiring Regulations)
53,825 (1.45%)

Best Performing Consumer Pages:

Product Recalls
294,431 visitors
(10.36% of total traffic)

Pets Home Alone Campaign
287,130 (7.72%)

RCDs Explained
129,327 (3.48%)

Find an Electrician
106,636 (2.87%)

Overloading Sockets
102,931 (2.77%)

Most Popular Downloads:

Best Practice Guides (1-9)
70,031


Landlords' Guide, England and Wales
6,783

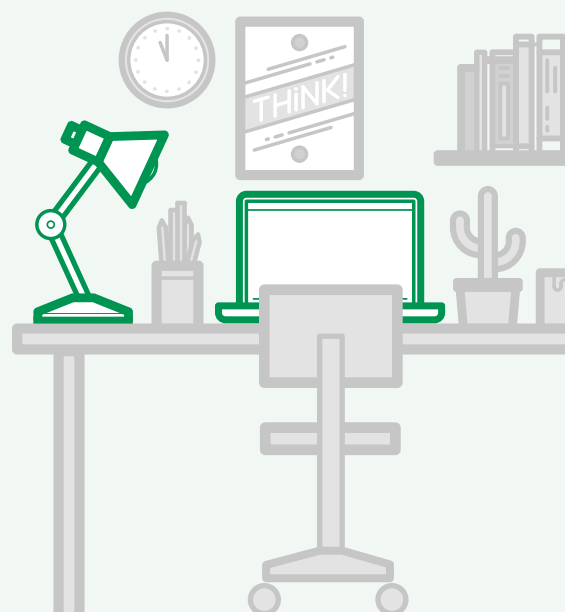
Landlords' Interim Checklist
5,301

How Safe is Your Home?
2,080

Landlords' Guide, Scotland
1,895

Tenants' Checklist
1,077

... The website received **55,953** visits on the launch day for our Pets Home Alone campaign ...



ANNUAL CONSUMER SURVEY

Social Media

The Charity has a presence on all of the main social media platforms. We are well established on Facebook and Twitter, reaching 10,000 followers in March 2016. We have also started to share content on Instagram and Pinterest. A session from November's product safety conference was live streamed using Periscope.

Facebook – 10,225 Likes

Twitter – 10,410 Followers

YouTube – 1,011 Subscribers

LinkedIn – 966 Members

Pinterest – 210 Followers

Instagram – 154 Followers

Search Engine Optimisation

During the year, organic traffic to the website increased by 85%, an extra 539,516 visits. PDF downloads increased by 55% and newsletter subscriptions were up 80% on the previous year.

There was also a steady increase in "spend" against the monthly charity grant allocated by Google of \$40,000 – with the full amount being used in March 2016. Paid traffic increased by 169%, an extra 235,215 visits.

Out of 100 keywords relating to electrical safety, the Charity now ranks in the top three for 58. Number one rankings include "find an electrician", "product recall" and "landlord electrical safety".

Our annual consumer survey showed that during 2015-16 there has been a significant increase in awareness around some of our key campaigning issues:

- Over three quarters of people (78%) think that there is a legal requirement for the electrics in a rental property to be checked within every 5 years, in line with our recommendation.
- Twice as many people reported having seen counterfeit goods on sale compared to last year (14% compared to 7% in 2014-15), and the number who have bought counterfeit goods and experienced major problems with them has also doubled (35% up from 17% in 2014-15).
- The percentage of people who are likely to return or report an electrical product if it had been recalled remains high. For fridges the figure is 83% compared to 71% two years ago. However, with just a quarter of people (26%) saying that they always register their electrical products, there is still work to be done.

Helpline

Although calls to the Charity's free helpline have decreased, there has been a considerable rise in contact via social media. In 2015-16, the most popular queries were around:

- Home safety - **98**
- Products - **43**
- Electrical Installation Condition Reports (EICRs) - **33**
- Publications - **24**
- New electrical installations – **24**

PUBLIC AFFAIRS

The Private Rented Sector (PRS)

Our long-term goal to ensure properties in the private rented sector receive mandatory electrical safety checks has made excellent progress this year. The Government's Housing and Planning Bill was the first piece of housing legislation since 2004, and we viewed the Bill as a major opportunity to bring forward our key ask for five-yearly electrical safety checks in the sector.


With significant assistance from politicians we brought forward our own amendment to the Bill which received several airings throughout its progress through Parliament. We were very pleased that the Government accepted the argument on the need to protect tenants, and that they brought forward their own amendment for electrical safety checks for the private rented sector through regulations. We will continue to advise the UK Government on how they best bring forward these regulations and how they should be shaped.

Electrical Safety and Older People in Scotland

This year we launched a new report, **Age Safe Scotland**. It examines the impact of poor electrical safety on older people and those living with dementia in Scotland. The report makes a series of recommendations to the Scottish Government, including a call for free, five-yearly electrical safety checks for all households with one person of pensionable age. We will be campaigning for these proposals to be implemented over the next Parliamentary term.

Election Manifestos

We published our manifestos for the Scottish, Welsh and Northern Irish elections earlier this year. The main theme that runs through all of our manifestos is the need to reduce the number of electrical fires in homes across the UK.

... We have challenged the devolved governments to work with us over the next five years, to reduce the number of electrical fires in the home by **10%**



RAISING AWARENESS WITH THE ELECTRICAL INDUSTRY

Although Electrical Safety First's primary focus is consumer safety campaigns, it is essential to work closely with the electrical industry in order to ensure consumer safety.

Our opinions on, and responses to, the changing landscape of the electrical industry regularly appear in key trade and stakeholder media. During the year major features and opinion pieces have appeared in a wide range of publications including health, politics, lifestyle, property, building and safety publications, in addition to those covering the electrical supply chain and related industries.

Gaining such visibility for our voice helps it to be clearly heard in the political and policy arena and underpins our public affairs work. This sort of media profile has been particularly relevant to our campaign for regular, five-yearly electrical safety checks, by a competent person, in all privately rented homes.

Electrical Safety First is an unusual charity because it brings together people skilled in consumer campaigning with others who offer a high level of technical and industry expertise. It's this combination which allows for the Charity's Thought Leadership role. One example of this is the development of new product safety consultancy services and our popular online resources for the industry – both of which gained media attention beyond the electrical trade itself.

Online Resources

Electrical Safety First facilitates the **Wiring Regulations Advisory Group (WRAG)**. It provides industry agreed guidance on the UK Wiring Regulations (BS 7671) and generates over 8,000 page views each month. The content now includes over 150 questions and has a search facility.

Visit: <http://www.electricalsafetyfirst.org.uk/electrical-professionals/wiring-regulations/>


Our **Best Practice Guides** continue to be a popular reference source, with around 3,500 downloads each month. These have been updated to Amendment 3 of the Wiring Regulations.

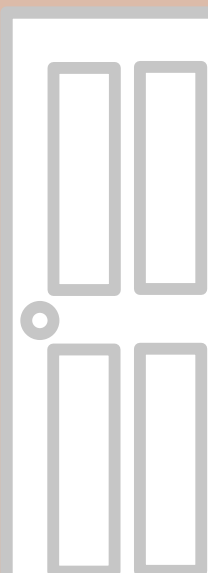
Switched On has now become fully digital, focussing on technical activity (products and installation) with the first e-edition published in August. This will be sent out on a quarterly basis and you can subscribe via the website.

Sign up at: <http://www.electricalsafetyfirst.org.uk/electrical-professionals/electrical-professionals-emails-sign-up/>

This year we introduced a **print on demand** service, providing a simple platform for anyone wishing to purchase bulk orders of our leaflets and plug checkers.

Order here: <http://www.electricalsafetyfirst.org.uk/electrical-professionals/print-services/>

... We support and develop industry best practice through a range of activities ...



WORKING WITH THE ELECTRICAL INDUSTRY

During the year we have talked about the Charity's work at a range of events run by our stakeholders, including the **Home Retail Group, Tech UK and TUV Rheinland**.

In October we attended a **British Retail Consortium** Retail Products meeting to explore how we can forge closer links with the BRC and its members.

We attended an **International Consumer Product Health and Safety Organisation (ICPHSO)** two day conference in Denmark in November, at which we presented a paper on the benefits of having an injury surveillance system, and participated in a debate on country of origin marking which focused on the effect it is having on preventing product safety legislation passing through Europe.

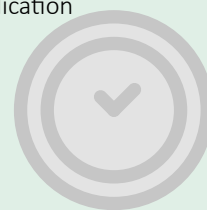
In January we jointly presented with the ECA at the **National Housing Maintenance Forum (NMHA)** annual conference on the importance of carrying out electrical safety inspections. This resulted in several leads for providing training services, which Certsure will pursue.

In March we attended the annual **Landlord and Letting Show**, at which we presented a paper on electrical safety in the private rented sector.

Also in March we gave the keynote speech at a customer open day for **TUV Süd**. The event, attended by electrical product manufacturers and retailers, provided a good opportunity for the Charity to talk about how we can help with improving product safety systems, through the provision of consultancy services, risk assessment and training for buyers of electrical products.

In September we joined the Electrotechnical Market Surveillance Group – an industry initiative set up by a group of organisations that includes **BEAMA** to help improve market surveillance within the UK and EU.

In September and December we presented at **IET** seminars on the changes introduced by Amendment 3 of BS 7671 (IET Wiring Regulations). These events gave the Charity the opportunity to talk about its leading role in the development and publication of the two most talked about regulations relating to consumer unit enclosures and supporting cables in escape routes.



... In November we published our report, **A Shocking Rip Off**

The Charity's fifth **product safety conference** was held in November. In addition to securing patronage from the European Parliament the event, which was chaired by Lynn Faulds Wood, had over 200 attendees representing all actors in the product supply chain. We also had eleven organisations exhibiting, three of whom sponsored the event.

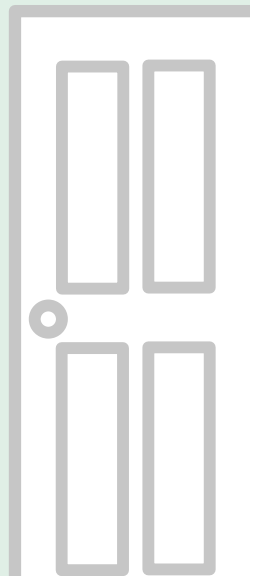
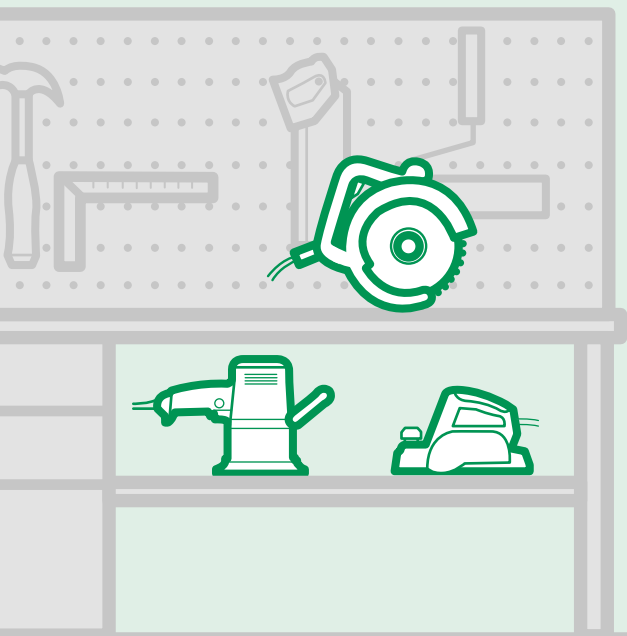
This year Electrical Safety First has also continued to work with the Electrical Scheme Operators, ECA, Energy Networks Association (ENA), Energy UK and the Association of Meter Operators to develop the Charity-led business case outlining the benefits of having a Scheme for registered electricians to address the longstanding issue of electricians not having legitimate access to remove the service cut-out fuse when carrying out certain domestic work, such as changing a consumer unit (fusebox).

ELECTRICAL PRODUCT SAFETY

Electrical Safety First undertook an investigation into **counterfeits** of popular electrical products for the purpose of providing the physical evidence to support our research in this problematic area. X-ray technology was used to show the dangers and sub-standard quality of a range of products that included an Apple phone charger, Nutribullet food blender, Dyson Fan, and GHD hair straighteners. The results were published in November in our report, **A Shocking Rip Off**.

We continued to investigate **sub-standard products**. Working with Trading Standards, we successfully managed to remove from the market a brand of sub-standard charger, unsafe LED lamps, nail polisher and unsafe travel adapters. We also gathered evidence to highlight the safety issues associated with swegways (or hoverboards), 2015's "must have" Christmas present.

Initially produced to support Trading Standards and help to identify sub-standard plugs and chargers, our **plug checker** (originally plug gauge) has now been provided to retailers, Fire and Rescue Services and to electricians carrying out portable appliance testing. Ten have been sent to every Trading Standards and Fire & Rescue Service office and they can be ordered from our 'print on demand' service.



CERTSURE LLP

Certsure LLP, which operates the NICEIC and ELECSA brands, continued to support Electrical Safety First's charitable objectives through its continued funding and electrical safety initiatives.

Certsure retained its place in the **Times Top 100** list of best companies to work for, improving its overall score for 2016 and maintaining its position as a two star company.

2016 was an important milestone in NICEIC history as it marked the organisation's 60th anniversary.

Certsure rolled out several new initiatives throughout 2015-16, including:

Amendment 3 - In July 2015 a new amendment to the wiring regulations was introduced - BS 7671:2008 incorporating Amendment 3:2015 The IET Wiring Regulations. NICEIC and ELECSA were at the forefront of keeping contractors informed about the changes, running several training seminars and workshops, including a live webinar, which attracted more than 1,500 viewers.

As part of its commitment to protect consumers, Certsure teamed up with some of the biggest names in the home improvement sector to form the **Consumer Protection Alliance**. The partnership with B&Q Homefit, Gas Safe Register and the Dispute Resolution Ombudsman will highlight the importance of safety within the domestic construction, gas and electrical installation industry.

 In March, NICEIC's roll of Approved Contractors topped **19,000** for the first time ...

... Live South and Live North Events had more than **1,000** attendees ...

NICEIC and ELECSA continued to reach out to contractors through the successful **Live events**. The technical conferences and exhibitions for electrical contractors picked up more prestigious awards.

NICEIC continued to encourage more women into the electrical industry through its **Jobs for the Girls** campaign. A bursary has been set up for young women looking to become electricians and three women have been sponsored to undertake their electrical course at Sheffield College.

Training

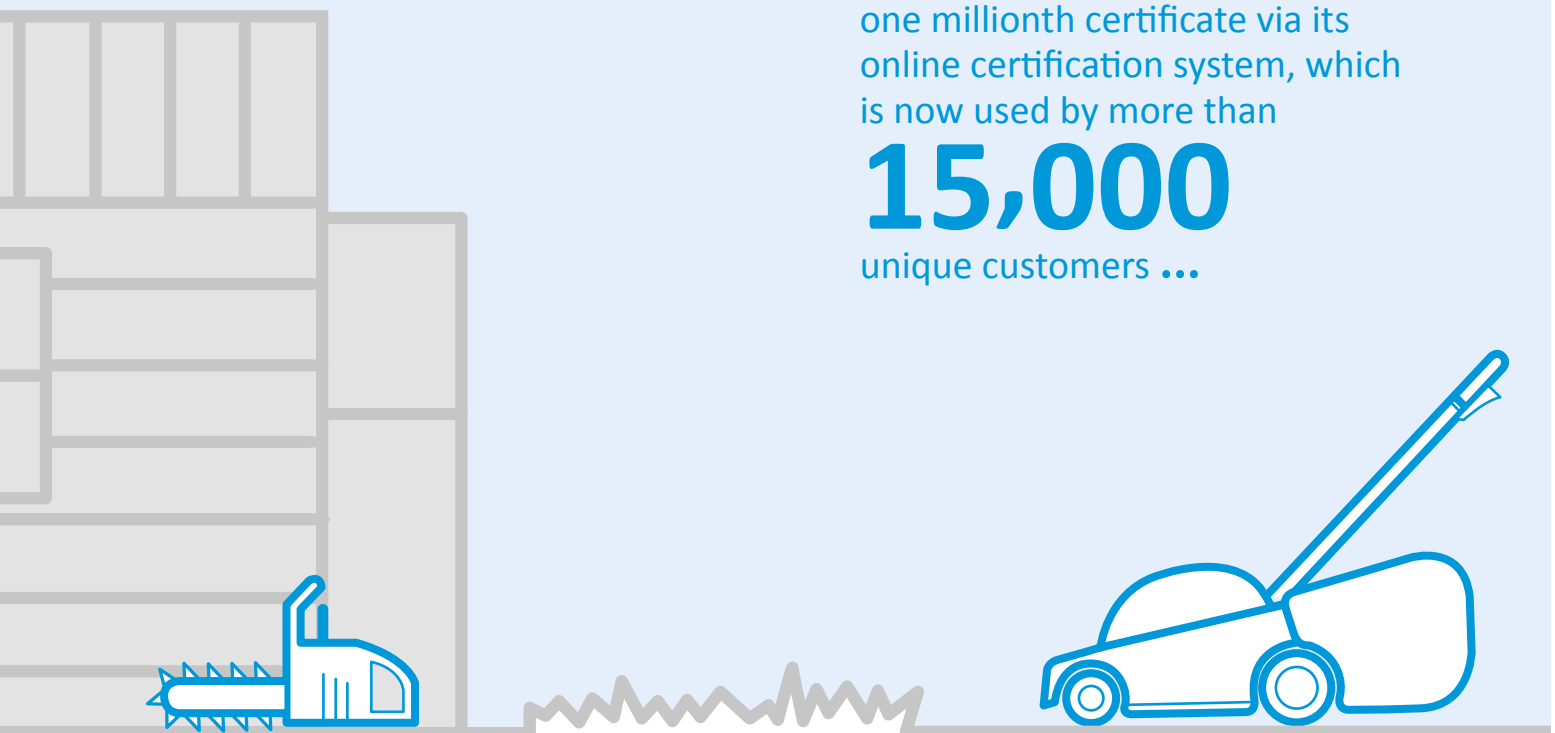
As well as offering traditional electrical based courses covering subjects including the 17th Edition and safe isolation, NICEIC expanded its range of courses to reflect the changing nature of the market. It launched new training and qualification packages for a range of disciplines including ventilation, home automation and data cabling, as well as specialist bespoke packages.

NICEIC and ELECSA are committed to developing the talent of the future and in 2015-16 they ran their first ever **Apprentice of the Year** competition. More than 350 young apprentices applied to take part in the contest which ran over three stages. In the grand final eight contestants took part in a series of practical stages before Mark Lee, 22, was crowned the first ever NICEIC and ELECSA Apprentice of the Year.

Online certification

NICEIC and ELECSA continued to offer certification services, building regulations schemes and products and support to electrical contractors and many other trades within the construction industry.

... In 2016 NICEIC registered its one millionth certificate via its online certification system, which is now used by more than **15,000** unique customers ...



FINANCE REPORT 2015 - 16

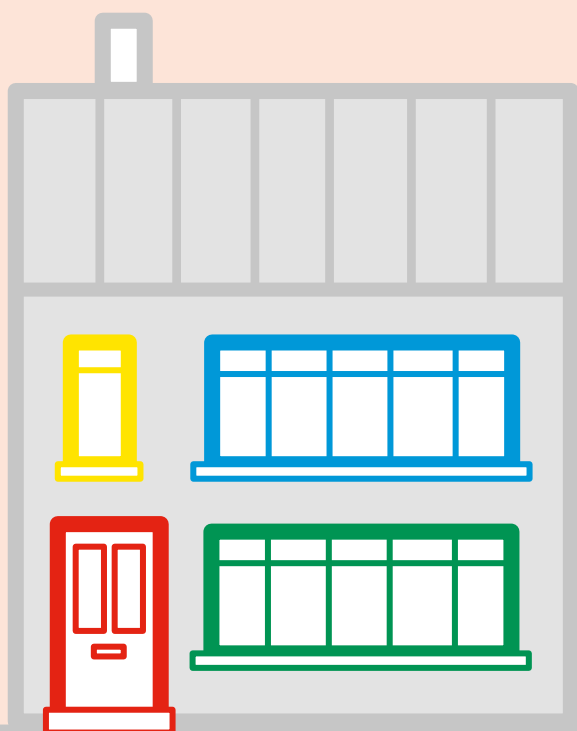
The summary group financial statements are not the statutory accounts but a summary of information relating to the group income and expenditure account, consolidated balance sheet and cash flow statement, derived from the full audited Trustees' Report and financial statements of the Charity which were approved by the Board of Trustees on 15 September 2016. The Auditor's statement under Section 496 of the Companies Act 2006 was unqualified. Copies of the full financial statement will subsequently be filed with the Charity Commission, the Office of the Scottish Charities' Regulators and Companies House.

These summarised financial statements may not contain sufficient information to gain a complete understanding of the financial affairs of the Charity. The full audited Trustees' report and financial statements may be obtained on application to the Charity's head office.

Bryn Walker, Chairman

Independent Auditors' Statement to the Directors of the Electrical Safety Council on the Summary Financial Statements

The accompanying summary financial statements, which comprise the summary consolidated balance sheet as at 31 March 2016, the summary group income and expenditure account and summary cash flow statement for the year then ended, are derived from the audited financial statements of the Electrical Safety Council for the year ended 31 March 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 21 September 2016. Those financial statements and the summary financial statements, do not reflect the effect of events on those financial statements that occurred subsequent to the date of our report.



This statement is made solely to the directors, as a body in accordance with the terms of our engagements. Our work has been undertaken so that we might state to the directors those matters we have agreed to state to them in this statement 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's directors as a body, for our work, for this statement, or for the opinions we have formed.

The summary financial statements do not contain all the disclosures required by United Kingdom Accounting Standards and applicable law (United Kingdom General Accepted Accounting Practice). Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Electrical Safety Council.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of a summary of the audited financial statements showing the line item caption headings and amounts from the full consolidated balance sheet, group income and expenditure account and cash flow statement, together with corresponding amounts.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 – Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Electrical Safety Council for the year ended 31 March 2016 are consistent, in all material respects, with those financial statements, showing the line item caption headings and amounts from the full consolidated balance sheet, group income and expenditure account and cash flow statement together with corresponding amounts.

Moore Stephens LLP
Statutory Auditor
29 September 2016

Overall Result

The Charity recorded a net increase in funds of £1,134k. This includes the share of joint venture profits of £2,812k and the investment losses over the year amounting to £230k as well as £289k investment income.

Gift Aid of £5,295k (2015: £10,559k) has been generated by the Charity's subsidiaries.

Reserves at the end of the year stood at £16,947k. These reserves are wholly unrestricted. Following the adoption of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the opening reserves for the year were reduced by £4k from the figure previously reported to £15,813k.

Income

Total income of £4,003k included the £2,812k share of profit from Certsure LLP, the Charity's Joint Venture with the Electrical Contractors' Association.

Expenditure

Charitable expenditure for the year amounted to £3,038k (2015: £3,330k). This was the major part of the total expenditure of £3,239k.

Fixed Assets

Following the introduction of FRS 102, any property rented to tenants has been reclassified as investment property. Just after the year end, the Charity relocated from its leased offices to a nearby office building that it had purchased during the year. The Charity will rent out one floor of this building and occupy one other floor and the basement. The Charity owns a further three freehold properties, two smaller properties which are occupied in entirety by Certsure LLP and a larger property of which they are the biggest occupant. Formal lease arrangements exist between the Charity and Certsure LLP for all three properties. In the Charity balance sheet, property occupied by Certsure is treated as investment property but in the consolidated balance sheet, these properties remain treated as tangible assets.

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Pension Scheme

The pension deficit on the closed defined benefit scheme impacts the Charity's cash flows by the funding arrangements agreed with the Pension Scheme Trustees which currently comprise annual payments of £1,250k although three years' contributions covering the period to March 2018 had been made in advance before the prior year end.

Outlook

The Group's financial position remains satisfactory and the Charity intends maintaining its current range of activities.

Cash, Investment Policy and Returns

The Charity holds the majority of its reserves in a long term investment portfolio of £10.2m managed by three investment managers, a third having been appointed during the year. Overall cash and investment balances have decreased to £14,299k (2015: £15,736k) during the year, partly as a result of the difficult market conditions.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken, i.e. generating return from income and capital gains and losses.

The investment policy is maintained under on-going review in light of changing Group funding requirements and portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated during the year is utilised to fund Charity expenditure.

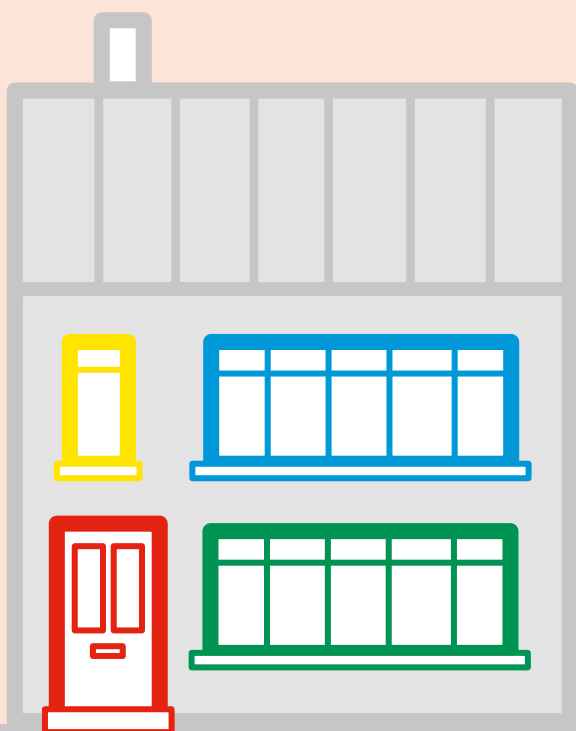
The Charity's investments in joint ventures relate to Certsure LLP.

Reserves and Risk Assessment

The agreed reserves policy has remained unchanged and states that reserves, which are defined as the Charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to two years pure / discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

Charity reserves are currently in excess of this target, whilst the Charity Trustees consider how best reserves should be used long-term in fulfilling the objects of the Charity being mindful of the remaining contributions due under the Pension Scheme recovery plan.

Risk management processes are embedded in the day-to-day operations of the Charity and risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.



Summary Consolidated Income and Expenditure Account including Other Comprehensive Income for year ended 31 March 2016

	2016 £'000	2015 £'000
Income from investments	289	284
Income from continuing trading activities	-	1,730
Income from discontinued trading activities	31	7,980
Share of profits in Joint Ventures	2,812	3,560
Other income	871	760
Total income	4,003	14,314
Expenditure on continuing trading activities	64	63
Expenditure on discontinued trading activities	94	9,283
Other expenditure on raising funds	43	33
Expenditure on charitable activities	3,038	3,330
Total expenditure	3,239	12,709
Gain on sale of NQA	-	11,660
Pension adjustment	600	1,300
Net investment gains / (losses)	(230)	374
Net movement in funds	1,134	14,939
Fund balances brought forward at 1 April	15,813	874
Fund balances carried forward	16,947	15,813
Summary Consolidated Balance Sheet at 31 March 2015	2016 £'000	2015 £'000
Fixed assets and investments	16,117	11,801
Investments in joint ventures: Share of net assets	2,812	1,044
Current assets	5,946	12,018
Creditors: amounts falling due within one year	(428)	(1,250)
Net current assets	5,518	10,768
Pension liability	(7,500)	(7,800)
Reserves	16,947	15,813
Summary Cash Flow Statement for year ended 31 March 2015	2016 £'000	2015 £'000
Net cash (used in) operating activities	(416)	(12,093)
Net cash (used in) / provided by investing activities	(2,526)	14,382
Net increase / (decrease) in cash in the year	(2,942)	2,289



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