

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2021

CONTENTS

	PAGE NO.
LEGAL AND ADMINISTRATIVE INFORMATION	1 – 2
CHAIR’S STATEMENT	3 – 4
CHIEF EXECUTIVE OFFICER’S REVIEW	4 - 5
DIRECTORS’ REPORT	6 – 17
INDEPENDENT AUDITOR’S REPORT	18 – 21
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	22
BALANCE SHEETS	23
CONSOLIDATED STATEMENT OF CASH FLOWS	24
CHARITY STATEMENT OF CASH FLOWS	25
ACCOUNTING POLICIES	26 – 29
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	29 – 41

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

A Chaplin	Chair
A Ferguson	Resigned 9 October 2020
A Parkes	Resigned 8 October 2021
P Canning	Resigned 8 October 2021
N Ratty	Resigned 8 October 2021
A Williams	
P Hide	
S Bounoua	
E Hudson	
T Connelly	
A Wells	
A Boissett	
K Husselbee	
A Damirchi	
S Frost	Appointed 1 May 2021
R Olszewski	Appointed 1 May 2021

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

M Robinson	Chair	Resigned 1 March 2021
M Sibley	Finance Director	
K Parker	Non-Executive Director	Appointed 1 March 2021
D Young	Non Executive Director	Resigned 4 January 2021
N Ratty	Non Executive Director	Resigned 8 October 2021
E Hudson	Non Executive Director	Appointed 8 October 2021

ESC Partnerships Ltd

P Hide	Non Executive Director	Resigned 31 March 2021
P Canning	Non-Executive Director	Resigned 8 October 2021
S Frost	Non-Executive Director	Appointed 1 May 2021
E Hudson	Non Executive Director	Appointed 8 October 2021
J Trim	Non-Executive Director	

Registered Charity (England and Wales) No. 257376

Registered Charity (Scotland) No. SC039990

Registered Company No. 570175

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

Financial Management Committee

E Hudson (Chair)	J Trim (Secretary)
A Chaplin	P Hide
A Damirchi	A Parkes (to 8 October 2021)
P Canning (to 8 October 2021)	L Rudd
R Olszewski (from 8 October 2021)	

Electrical Installation Safety Forum

S Devine IET (Chair)
M Allen ESC (Secretary)
B F Walker (co-opted independent)
A Vessey EDA
P Canning ESC (to Oct '21)
M Coles IET
P Norris BEAMA
P Sayer BEAMA
D Forrester SELECT
F Bertie Napit
C Pugsley LFB
K Morton HSE (to Dec '20)
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry Corgi AESM
J O'Neil Certsure
J Hodge BCA
A Wells ESC

Electrical Safety of Products Committee

S Bounoua ESC (Chair)
B F Walker (co-opted independent)
S Curtler ESC (Secretary)
N Ratty ESC (to Oct '21)
R Jefferis Intertek
C Pack BEAMA
H Patel BEIS
C Heemskerk CTSI
M Allen ESC
P Hide ESC
P Canning ESC (to Oct '21)
T Eldridge ESC (to Dec '20)
C Flynn ESC
J Devaney BSI
A Boisset ESC)
C Rose LFB
A Gordon (Compliance Solutions)
D Bolton BRC (to Dec '20)
C Skinner AMDEA
R Harris BSI CPIN

Campaign Development Group

A Damirchi ESC
A Williams ESC
E Drackford ESC (Chair, to 8 Oct '21)
M Allen ESC
P Walshe ESC
L Rudd ESC

Remuneration & Appointments Committee

A Chaplin ESC
N Ratty ESC (to 8 Oct '21)
S Bounoua ESC
K Husselbee (Chair)
A Boisset ESC
L Rudd ESC
J Trim ESC

Bankers	HSBC, 28 Borough High Street, London SE11YB
Solicitors	Bristows, 100 Victoria Embankment, London EC4Y 0DH.
Auditor	Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF
Investment Managers	Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2020/21

I was honoured to be asked to succeed Alison Parkes as Chair of the Board of Trustees at Electrical Safety First from October 2020. Like her, I am immensely proud of what the Charity has achieved during the course of the past year, a year in which headlines have continued to be dominated by Covid-19 and latterly climate change. Our full-time staff team has been equal to the challenge, adapting to the brave new world of virtual reality with, for example, home working and a hugely successful virtual Product Safety Conference last November. The Board of Trustees has also had to be adaptive continuing its oversight work through a variety of virtual forums (including holding our meetings via MS Teams!).

I would like to extend a warm welcome to new trustees Sarah Frost and Richard Olszewski, who joined the Board earlier this year. They bring a great deal of relevant experience. I am looking forward to being able to meet all trustees face to face again as soon as circumstances permit.

During the year, we have been able to continue to make progress against the Charity's goals. In particular, we saw the long-awaited introduction of five-yearly electrical checks in privately rented homes in England and the establishment of Consumer Scotland, with a requirement to establish a database of major electrical product recalls. These are significant steps in protecting consumers from electrical risk.

We continue to examine the Charity's strategy to make sure our goals remain up-to-date and relevant and that we are ready to address new risks and electrical safety issues associated with climate change and the path to 'net zero'. In addition, our workstreams are considering the change in lifestyle that has resulted from the Covid-19 pandemic that has led to more people working from home, shopping online and buying second-hand electrical goods. Much of this will build on our existing work but there are also new areas in which we will need to become involved, alongside our other key campaigning issues which remain as important as ever.

As always, our campaigning activity is underpinned by robust research, including government fire data and our own consumer awareness research. By focusing on target regions in the UK identified through this research as being most at risk on certain topics, for example product recalls and registration, we are able to track the success of our campaigns in prompting positive behaviour change, and adapt our messages for each region based on their perceived barriers to taking effective action to keep themselves safe.

The Charity's principal source of revenue to fund our activities is Certsure LLP, our commercial joint venture with the Electrical Contractors' Association; earlier this year the Management Board of Certsure appointed an independent Chair (Gary Anderson).

Despite an initial concern over the potential effect of Covid-19 on the Charity's income, I am pleased to report that it has not as yet had a significant impact on our long-term planning and we expect to be able to continue with our current work and maybe even build the extent of our charitable activities.

Alison Parkes and Paul Canning are retiring from the Board this year after each has completed nine years as a trustee. Nick Ratty will also be retiring after six years' service. During the financial year, Anne Ferguson decided to step down as a trustee having served as chair immediately prior to Alison. All have made immense contributions to the work of the Board and I want to record our thanks to each one of them for that. I'd also like to express my gratitude to Alison for her leadership of the Board (2018-2020) while she was Chair and for her wise counsel during the transition to myself – thank you.

Finally I want to acknowledge the work of Lesley and the whole of her team at Electrical Safety First

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2020/21 (continued)

for their continued hard work and the professionalism they have maintained throughout these most testing of times. Thank you all.



Andy Chaplin
Chair
The Electrical Safety Council
8 October 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

When I joined Electrical Safety First in February 2020, I was looking forward to an interesting and challenging first year with the Charity. I had no idea just how challenging that first year was going to be. Within a few weeks the country was in lockdown, and we found ourselves adapting to working remotely whilst trying to keep electrical safety included in a news and policy agenda that was understandably focused on the Covid-19 pandemic.

However, despite these unprecedented challenges, the last year has still seen significant progress for some of the Charity's key priorities.

June 2020 saw the introduction of five-yearly checks on the electrical installations in privately rented homes in England. This is something for which the Charity has campaigned for many years and we will continue to work with the devolved Welsh and Northern Irish governments to ensure that they also introduce five-yearly checks as soon as possible. While this is a significant step towards improving electrical safety for tenants, there is still inequality between housing tenures, with no requirement outside Scotland for any electrical checks in socially rented housing. We have consulted extensively with the Social Rented Sector, with the results being presented in a policy paper that states a clear case and support for the introduction of mandatory five-yearly checks in socially rented homes.

The inequality of electrical safety protection across housing tenures is an issue that can present serious safety risks. As we continue to learn from the Grenfell Tower tragedy of 2017, we believe that it is vital that electrical safety is included in the Building Safety Bill, which entered Parliament this year. We are calling for mandatory five-yearly electrical checks to be carried out in all homes in High Rise Residential Buildings, regardless of tenure.

Another important milestone for the Charity came when the Consumer Scotland Act was passed in June last year. The Act sets up Consumer Scotland as a new body that will work across a range of consumer protection issues. We successfully campaigned for this to include the establishment of a central database for major product recalls in Scotland and the provision of advice to affected consumers. We hope to work with the Scottish Government on both the development and promotion of the database.

In a year that saw deserted High Streets and shopping centres due to lockdowns and social distancing restrictions, it is unsurprising that more people than ever before chose to shop online. Reflecting this shift in consumer behaviour, a lot of our campaigning activity has focused on the risks of buying electrical products from unregulated third-party sellers via online marketplaces. These campaigns also support the Charity's call for the Government to better clarify the roles and responsibilities of online marketplaces and introduce legislation, possibly via a Bill proposed by the Charity, that would make them take responsibility for ensuring that the products sold on their platforms by third party sellers are safe.

.THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

We launched a petition in October last year calling for action to be taken against the sale of dangerous electricals via online marketplaces. It has now had over 25,000 signatures, with more than 8,000 people contacting their local MP to ask for their support on this important issue.

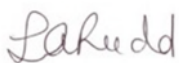
The Charity offers a range of innovative digital tools that make it easier for consumers to access information about electrical safety issues, including product recalls and registration as well as helping to identify potentially unsafe electrical products sold online by third party sellers. We have had considerable interest in these tools from manufacturers and retailers, who welcome new ways in which people can find the information they need. We launched a new smartphone app in the Spring of 2021 which offers another way for people to find out about product recalls, register a product or find a registered electrician local to them – all in a convenient format that can be easily accessed, breaking down the barriers, including “it’s too time consuming” or “I don’t know how to do it”, that people cite for not carrying out these basic checks that can keep them safe.

As well as adapting to what the media has described as the “new normal”, we are also looking ahead to the electrical safety issues that the next few years will present. The UK Government’s target for ‘net zero’ greenhouse gas emissions by 2050 has significant implications for the future use of electricity. One of the biggest issues for the Charity will be ensuring that the transformation that decarbonisation is bringing has electrical safety at its centre. We have developed a white paper which considers the electrical safety implications of the decarbonisation of heat in UK homes, an increase in the ownership and use of electric vehicles and a rapid growth in the use of smart technology in the home. We are developing our strategy for “future homes” to make sure that we have a strong voice in this very important conversation in order to safeguard consumers.

In November our annual product safety conference was held online for the first time, with no cost for attending. Sessions were held over two days with over 350 people joining our virtual event to listen to expert speakers address issues around the evolution of product safety, highlighting how today’s electrical products must not only be safe to use, but also cyber-secure and sustainable. Our 2021 conference will once again be run as a free online event.

Electrical Safety First has a small team with a large remit – to make sure that everybody in the UK stays safe from the dangers presented by electricity. This year we have started to look at how we can do more to establish the Charity as one that celebrates and champions diversity, both internally and in our external activities. Staff have all undertaken training on Equality, Diversity and Inclusion and we are now looking at ways to ensure that our campaigning activity is as inclusive as it can be. It’s important that we reach everybody in the UK and that we deliver our campaigns in a way that will not exclude those who may not access information through the more traditional channels or have additional requirements.

I will finish by thanking my colleagues at Electrical Safety First and the Board of Trustees for their hard work, adaptability and support during the year. Particular thanks go to our Chairs over the last twelve months, Alison Parkes and Andy Chaplin, who have offered invaluable support and guidance. I am very proud that we have all risen to the challenges presented by Covid-19 with positive attitudes that have ensured that, despite not being able to meet in person for a year, we have still worked as a strong and effective team, delivering excellent results that will see a positive change in consumer awareness of electrical safety issues, and policy change that will provide a safer environment for millions of people.



Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
8 October 2021

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 2021. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (revised 2015) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 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 Articles of Association which were amended on 12 March 2020 having been last previously amended on 9 December 2010.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviour and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the legislation in Northern Ireland.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Council. All new director appointments are based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to use the full \$40,000 monthly grant allocated by Google and at the end of March 2021 ranked #1 on Google for 40 search items, including "Part P Certificate", "Electrical Fire Safety" and "Electrical condition report".

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors - the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities - alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee
- Campaign Development Group

The Charity does not raise funds from the general public and therefore does not undertake, or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality, and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.

STRATEGIC REVIEW

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 Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS 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

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Activities and Outcomes for the Year

Electrical Safety First's small in-house team runs media campaigns during the year, aimed at increasing awareness of electrical safety risks and encouraging positive behaviour change. These focus on priority issues identified through robust consumer research and Government data which are included within the Charity's strategy. The Charity has adapted to the different priorities that have arisen out of the UK's response to the Coronavirus pandemic, with much of the campaigning activity reflecting lifestyle changes that have resulted from the restrictions. Campaigning and related activities of the Charity included:

Consumers at home

In April, guidance was given to people spending more time at home including tips for safe homeworking. Research identified that significant numbers were adopting unsafe practices including nearly half admitting to "daisy chaining" (connecting) adaptors to support home working and the guidance addressed these issues. The closure of beauty salons and hairdressers resulted in increased purchases of electrical beauty products from online market places. Via a visual assessment, the Charity's technical team identified that a number of products available from a variety of sources posed an electrical safety risk and the Charity's advice reminded people to shop directly from manufacturers or known and trusted websites rather than third party sellers.

This was revisited in Electrical Fire Safety Week in November in anticipation of Christmas Shopping including some short videos being recorded for Trading Standards Scotland. Following the campaign's launch, The Charity was invited to appear on ITV's Tonight programme and the BBC's Watchdog, commenting on their own investigations into dangerous electrical products sold online.

Unsafe and Recalled Electrical Products available via Online Marketplaces

The Charity made improvements to the digital tools it offers to help consumers stay safe. Its Alexa Skills voice app, which allows people to ask if the electrical appliances in their homes are subject to a recall notice, was extended to Google Home. Further improvements are planned to improve both the user experience and analytics, to enable the Charity to learn more about how the information is being used.

To help people shop safely online, the 'Check It Out' extension alerts shoppers who are looking to purchase electrical products on Amazon and eBay when they are buying from a third party seller rather than directly from a manufacturer or well-known retailer. Initially available on Chrome, this year the Charity launched versions for Firefox, MS Edge and Safari. There are plans to further develop this to include other "marketplaces", including the increasingly popular Instagram Marketplace.

The Charity has developed a new smartphone app, to be launched in Spring 2021 on iOS with Android coming later in the year. It will offer a range of electrical safety information, from registering a product to finding an electrician.

A number of high-profile retailers, manufacturers and stakeholders have committed to helping the Charity promote these tools, and the Charity is inviting others to follow suit.

Product Recalls and Registration

The major consumer awareness survey carried out by the Charity in January 2020 identified regions that were particularly "at risk" on key campaigning issues including product registration and recalls. More research was carried out in those regions which resulted in the development of campaign messages that would resonate there. A follow-up survey in January 2021 saw an improvement in awareness levels around recalls and registration across the UK, with the target regions showing significant improvements.

E vehicles and transport

Although the use of privately owned models remains illegal on public land, the introduction of hire schemes for e-scooters in cities across the UK has led to an increase in their popularity. The Charity's campaign reminded people to only purchase from reputable retailers and to charge safely. As the e-scooter hire scheme was rolled out across the country, messages were shared with local media, using region-specific data to support the story. As the UK moves towards an increased reliance on electric vehicles, there will be more work to do in this area – from the purchase of safe products to ensuring the infrastructure is adequate across the country to allow people to charge them safely.

Electrical Safety Issues in the News

Despite Covid-19 affecting planned campaigns, the Charity continued to offer expert comment on key issues, including the Online Harms and Building Safety Bills. The Charity proposed new legislation through a

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Parliamentary Bill which would make online marketplaces responsible for products which are listed on their sites via third party sellers. The Charity also supported landlords and tenants through the introduction of five yearly electrical checks in privately rented homes, with a detailed explanation of the new legislation published, increased content on the Charity's website and a Facebook Live Q&A run by the Technical Director.

Research and Investigations

The Charity carried out an investigation into the safety and security of internet connected (smart) appliances. Safety testing found that eight out of nine samples were electrically unsafe. None of the samples met all of the internet connectivity requirements although no high risk threats were found. Following referral to OPSS, half of the products were removed from sale and four products were listed on RAPEX, the EU's rapid alert system for unsafe products.

The first phase of the Charity's fire rated downlighter project was completed. This involved desk research into the marketing materials provided by online suppliers of downlighters. This information will be reviewed to ensure that it is adequate.

The Charity also carried out ad-hoc product investigations. The findings of the investigation into the safety of paddling pool heaters were included in the OPSS 'Stay safe this summer' campaign. Also, as a result of our investigation, 16 A rated portable electric vehicle chargers sold via Amazon were recalled.

Working in Partnership and Stakeholder Engagement

By working with manufacturers, retailers and other organisations, the Charity is able to reach a much wider audience with its campaigns.

Electrical Safety First has been concerned for some time about the low response rate to electrical recalls in the UK. The Charity has set up a working group to understand and find a clear way forward on supporting improved recalled rates. The Improving Product Registration and Recall (IPRR) group is chaired by the Charity and brings together sectors that represent manufacturers, retailers and other interested parties. The group is seeking a way in which electrical product registration rates can be improved to have a positive impact on recall responses.

The Charity's relationship with the Scottish Fire and Rescue Service (SFRS) has continued to grow, cementing the Charity's recognition as electrical safety experts in Scotland. The Charity is a key member of their Electrical Safety Working Group which was established to collaborate on campaigns to help reduce electrical fires and injuries in Scottish homes. During 2020, the group launched a social media campaign, 'Bright Spark', to help people identify and use properly qualified and registered local electricians. There are currently several avenues for consumers to find competent and qualified individual electricians and businesses, but there is no comprehensive database and there is low recognition among consumers for the multiple databases that do exist.

The Charity's technical team continues to be recognised as expert voices when it comes to product safety. During the year they have carried out research and testing to support the Charity's consumer campaigns and worked in partnership with various safety organisations to further protect consumers from electrical risk. Through our representation on the British Standards Institute's committees, this year has seen:

- The introduction of enhanced safety requirements for refrigeration appliances to prevent fires.
- The development and publication of PAS 7055, which covers safety requirements for button and coin batteries.
- Proposals being drafted for the indelible marking of white goods, to ensure that appliances can be identified after a fire.
- The development of requirements that will ensure that the power rating of appliances does not exceed the rating of the fitted plug. This proposal will be presented at the International Standards Committee for electrical appliances, part of the International Electrotechnical Commission.

In partnership with the Office for Product Safety and Standards (OPSS) and the Trading Standards Institute, the Charity delivered 20 hours of online training to around 400 Trading Standards Officers throughout the UK on basic electrical safety and the safety of second hand electrical goods.

Industry Events

2020 saw the 12th year of the annual Product Safety Conference – the Charity's flagship event which helps to protect the consumer by working closely with industry to share solutions and best practice. To ensure that it was

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

safe to attend and accessible to all during the pandemic, November's conference was run online and free of charge. The theme of the conference was *A Sustainable Future* looking at how we can use sustainable thinking at every level to shape intelligent, safety-led design, manufacture and sale of electrical products.

The 2020 Safety Innovation Award saw three organisations shortlisted for their innovative product or project that was able to demonstrate an improvement to consumer safety. This year's winner was JOB-Group for their product E-Bulb, the smallest fire extinguisher in the world. The E-Bulb can be placed directly at the source of origin of a fire – on an electrical circuit board / power adapter or potential hot spot - of almost any consumer appliance. In the event of a fire starting, the E-Bulb detects the fire, reliably extinguishes it, and cuts power to prevent re-ignition.

The Charity participated in a Distribution Connection and Use of System Agreement (DCUSA) working group to find a solution to the longstanding issue of providing temporary isolation so electricians can work safely when replacing consumer units/fuseboxes – this is an ongoing issue. In September, the Charity held a seminar on electric vehicle charging point installations, facilitating industry discussions with organisations including Certsure/NICEIC, NAPIT, the ECA and the Office for Low Emission Vehicles (OLEV).

In October the Charity presented at the International Consumer Product Health and Safety Organization international symposium on sustainability in product safety. In January a joint workshop was hosted with the National Consumer Federation on digital safety in design, working towards the development of a set of design principals that will hopefully feed into standards work, ensuring that connected products are safe and secure. In December, the Charity's Technical Director delivered the keynote speech at Beko's International Reliability Day.

The Charity also worked closely with high-profile industry experts, including the Electrotechnical assessment specification management committee, Smart meter operational group and Safety Advisory Group, and strengthened its relationship with the Office for Product Safety and Standards (OPSS).

Online

Overall there were fewer visitors to the Electrical Safety First website compared with the previous year. This was largely due to fewer people visiting the popular content about travel adaptors because of international travel restrictions. However, in February 2021 the highest amount of SEO traffic was hit to local "Find an Electrician" pages with 7,214 visits, marking a 64% increase on February 2020. The Charity has added a new "Your Questions Answered" function to the guidance section which is expanded as new questions are submitted.

Website Statistics 2020-21: Total Website Visits: 2,912,609 (4,289,813); Unique Visitors: 2,490,859 (3,648,565) ; Page Views: 4,156,051 (6,257,342)

Best performing consumer pages:

1. Watts to Amps - 340,996 (8.20%)
2. Amps to Watts – 313,133 (7.53%)
3. Home Appliance Ratings – 263,070 (6.33%)
4. RCDs Explained – 132,709 (3.19%)
5. Overloading Sockets – 128,739 (3.10%)

Best performing pages for electrical professionals:

1. Best Practice Guides – 94,170 (2.29%)
2. Wiring Regulations – New, Rewired and Similar – 47,921 (1.15%)
3. Wiring Regulations Landing Page – 21,709 (0.52%)
4. Wiring Regulations – Inspection, Testing, Certification and Reporting – 21,678 (0.52%)
5. Professional Resources Landing Page – 18,196 (0.44%)

Best performing pages for electrical professionals:

1. Best Practice Guides – 94,170 (2.29%)
2. Wiring Regulations – New, Rewired and Similar – 47,921 (1.15%)
3. Wiring Regulations Landing Page – 21,709 (0.52%)
4. Wiring Regulations – Inspection, Testing, Certification and Reporting – 21,678 (0.52%)
5. Professional Resources Landing Page – 18,196 (0.44%)

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Most popular downloads:

1. Best Practice Guides – 37,764
2. List of Whirlpool affected dryers – 11,634
3. Landlords' Guide England and Wales – 8,436
4. Guidance on Minimum Provision of Sockets – 4,282
5. Landlords' Interim Checklist – 1,473

The Charity has started developing a best practice guide on the minimum specification for periodic inspection and testing in domestic rented accommodation which is due to be published in 2021. The guidance the Wiring Regulations hosted on the website is continually updated, achieving just under 70,000 page views during the year.

Social Media followers

Facebook	19,800 likes, 22,202 followers
Twitter	24,112 followers
Instagram	1,674 followers
LinkedIn	1,176 followers

The majority of visitors to the website and Facebook page come from the 25-34 year old age group. The low percentage of 18-24 year olds visiting the Facebook page is a reflection of its decreasing popularity amongst younger people, who are more likely to use other platforms for their brand engagement. Although the Facebook page continues to perform well, the Charity will be investigating new platforms, including Tik Tok, during the next year to ensure that it continues to reach consumers of all ages.

The Charity's sites for children and teenagers offer support for both teachers and students with suggested lesson plans, worksheets, revision quizzes and games. With home schooling replacing classroom-based learning for large parts of the year, significant increases in visitors to these sites were seen.

Switched on Kids: Visits: 153, 529 (+43.85%); Page Views: 1,010,700 (+28.75%); Downloads: 51,208 (up 24.24%)

230 Volts: Visits: 15,021 (+20.90%); Page Views: 64,392 (+9.83%); Downloads: 3,795 (+9.21%)

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Despite the challenges that the COVID-19 pandemic brought, Certsure continued to deliver over 32,000 assessments over the course of the year. Adopting a safe and flexible approach in line with current guidance, businesses were able to have their assessments carried out remotely, at their premises, or as a blended option of the two. This ensured that Certsure supported the Government's desire to keep the construction industry active during this time while supporting the needs of customers. This approach also guaranteed that Certsure's customers continued to adhere to the latest industry standards and provided assurance to consumers through safe and compliant installations.

To support the legislation that introduced five-yearly electrical checks in privately rented homes in England, Certsure launched a dedicated scheme that checks that contractors who opt in have the relevant qualifications and insurances in place to undertake work in the Private Rented Sector (PRS). Once approved, these businesses then feature on the PRS register on the Registered Competent Person Electrical website. The website, which is promoted by Electrical Safety First and MHCLG, allows landlords or their agents to search for electrical contractors registered to undertake Electrical Installation Condition Reporting in the PRS in England. Since its launch in 2020, over 5,000 contractors have opted to be included on the PRS register.

With all face-to-face events cancelled in 2020, Certsure accelerated its successful webinar series, The Wire, adding more topics to meet customers' needs. Free and exclusive to registered contractors, The Wire is delivered by industry-leading technical experts and designed to provide contractors with the knowledge they need to remain

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

ahead of the curve. Each webinar is accredited and counts toward contractors' Continued Professional Development (CPD), where they can use the knowledge and experience towards their next assessment. The 2020/21 series, which launched in April 2020, was viewed by over 10,000 contractors, and resulted in over 40,000 CPD certificates being issued supporting both Certsure's and Electrical Safety First's aspirations to raise standards in the industry. Certsure was already working on providing an all-new virtual training suite that mirrors the learnings and outcomes of classroom-based training courses. As a result of the pandemic, plans were accelerated and more virtual options were added to the comprehensive training portfolio. Since its rollout in May 2020, over 3,400 contractors have booked onto a virtual training course on subjects such as electric vehicle charging and the 18th edition of the Wiring Regulations.

Throughout the COVID-19 pandemic, Certsure has continued to provide industry leading technical development to electrical contractors through the production of technical publications such as its quarterly "Connections" magazine. The technical helpline has answered more than 56,500 calls in 2020/21 and answered 4500 emails. Certsure is committed to promoting the importance of using a registered electrical contractor. Part of this involves securing coverage in local, national and consumer press. Between 2020 and 2021, the NICEIC and ELECSA brands were featured in over 100 articles across the media landscape. All articles referenced raising safety standards and delivering technical excellence, through the use of a registered electrical contractor.

Working with Government and Politicians

Electrical Safety First works closely with the UK and devolved governments and parliamentarians to improve electrical safety standards in UK homes. Despite the Covid-19 pandemic meaning that face-to-face engagement with Government was not possible, the Charity still continued to influence MPs and policy makers both at Westminster and in the devolved parliaments. Many of the Charity's campaigns and activities have a nationwide remit throughout the UK.

Westminster

Over the last year the Charity has worked on the **Fire Safety Bill**, introduced by the UK Government to ensure that people feel safe in their homes and that a tragedy like the Grenfell Tower fire never happens again. The Charity helped MPs and Lords table amendments to the Bill to add a requirement for people living in High Rise Residential Buildings (HRRBs) to have regular electrical safety checks regardless of the tenure of their property and that a register of appliances within these buildings would be kept. This had very good cross party support. At a meeting with the Government Minister the Charity agreed to withdraw the amendments, as the Government believed the Building Safety Bill would be a more appropriate Bill for these requests. However, the Charity achieved an important concession with the confirmation that a working group would be established to look more closely at electrical safety. The Charity is a member of this small group of experts and the first meeting was held at the end of March. A Government consultation was also announced on electrical safety in the social rented sector. Most HRRBs in England contain socially rented flats so this is important step forward to protect residents. The Online & Home Electrical Safety All Party Parliamentary Group (APPG) for which the Charity provides the Secretariat, has continued to pursue improvements to consumer protection around product safety and online marketplaces. It has looked very closely at the issues of online harms, and a letter was sent to Caroline Dinenage MP, Minister of State for Digital and Culture, with 44 signatories representing cross-party support for the sale of dangerous electrical products to be included in the legislation.

Following a consultation with the Social Rented Sector (SRS), which showed overwhelming support for mandatory electrical safety checks, the Charity published a paper, *Improving Electrical Safety in the Social Rented Sector in England*. A Social Housing Bill to improve and regulate the sector is anticipated and the Charity hopes that the SRS Electrical Safety Working Group and findings from the consultation will have an input into this Bill as it progresses.

Wales

For the second annual Welsh Electrical Safety Week (30th November – 6th December), the Charity covered the topical subject of consumers buying their Christmas shopping online, with almost three in five (57%) Welsh residents saying that they would be buying their electrical gifts from online marketplaces. Prior to the awareness week, a 90 second statement was given in the Senedd in support of the campaign. The Charity provided digital content and messaging for stakeholders to share on their social media channels. The campaign was covered by BBC News Wales, appearing as its top online story.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Charitable Activities in Scotland

Like elsewhere in the UK, the Short-Term Let (STL) sector in Scotland has grown significantly over the last few years but it lacks a consistent regulatory safety framework. The majority are in owner-occupied properties which only have to meet basic electrical safety requirements, in contrast with properties offered as private rentals, which have the highest level of protection in Scotland. Through its 'Short-Changed' campaign, the Charity has called for STLs to have mandatory, five-yearly, electrical safety checks carried out by registered electricians, placing it on a par with the Private Rented Sector. As most fires are caused by appliances in Scotland, the Charity also campaigned for the checks to cover both the electrical installation and any electrical products provided with a let. The Charity was delighted that draft legislation for the sector includes these proposals for mandatory electrical safety checks. This will require over 32,000 STL properties to complete an electrical safety check at least every five years, protecting around 1.6 million guests annually. Subject to the approval of Holyrood, the legislation will be introduced later in 2021 and STL hosts will have until 1st April 2023 to comply with the new regulations. The Charity successfully lobbied for an amendment to the Consumer Scotland Bill in the Scottish Parliament. The Bill aimed to establish a new body, Consumer Scotland, which would have responsibility for co-ordinating advice and undertaking advocacy work on consumer issues in Scotland. The Charity's proposals required the body to establish a central database of major product recalls in Scotland and provide advice to consumers adversely affected by them. The Charity gained both government and cross-party political support for these proposals, and the Bill which included the amendments became The Consumer (Scotland) Act 2020 when it received Royal Assent on 9th June 2020.

Northern Ireland

The Charity published its first major piece of research in Northern Ireland, 'Recharge', which reviewed the level of electrical risk in Northern Ireland's housing, with a particular focus on the Private rented sector (PRS) and vulnerable groups. The report found that private tenants had less protection from electrical risk than in other parts of the UK and older and disabled people are disproportionately impacted by fires and accidents resulting from electricity in the home. The report offers a series of recommendations to enhance electrical safety for all these groups and across tenures. The research was used by the Charity to engage Executive Ministers, Members of the Legislative Assembly (MLAs) and stakeholders working across the housing and disability sectors, including the Commissioner for Older People in Northern Ireland, and made significant progress in raising awareness of these important issues and the profile of the Charity's work in Northern Ireland.

A key policy focus in Northern Ireland has been to achieve vital protections for tenants living in the Private Rented Sector (PRS). In England and Scotland, regular, five-yearly electrical safety checks in the PRS are legally required, with Wales expected to follow suit shortly. Working closely with the Department for Communities in the Northern Ireland Executive, and through engagement with and support from a range of stakeholders including Housing Rights and the Chartered Institute of Housing Northern Ireland, the Charity achieved the inclusion of similar protections in new legislation for PRS tenants in Northern Ireland. The Private Rented Sector Bill, which is expected to complete its passage in the Assembly by the end of 2021, will impose duties on landlords to carry out periodic electrical safety checks for any privately rented property. As a result, landlords will be prevented from commencing a new lease where an electrical safety check has not been completed.

Future Plans for 2021-22 include:

Continue working to ensure the Charity fulfills the aims set out in its strategy for 2018-2023 which are:

- To ensure the Charity is the "Go To" organisation for electrical safety.
- To campaign for the safety of electrical infrastructure and associated connected devices equipment.
- To contribute to the development of regulations and standards that support the safety of consumers of electrical installations and electrical products.
- To protect and develop our income to maintain and increase our impact whilst adhering to the values of the charity.

To do this the Charity has specific objectives towards achieving these goals that are measurable. Progress is recorded and regularly reported to quarterly Trustee meetings.

The COVID-19 pandemic and current economic climate have created new challenges for some of those the Charity aims to help. The Charity is therefore reviewing its grant schemes to identify areas of improvement so that we can best meet the needs of vulnerable groups and individuals we support in furtherance of the Charity's objects. The Charity will publish the details of our new grants scheme once the development work is complete.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Electrical Safety First as a Thought Leader

The Charity's engagement with specialist, professional media, and government outlets supports its Thought Leadership and public affairs activities, which highlight the Charity's relevance and expertise. As the recognised expert in its field, the Charity works with a wide array of stakeholder organisations, including government departments, trade, consumer, and non-profit organisations, and across the electro-technical industry supply chain. Strong partnerships are vital to extending the Charity's reach and conveying its messages to a wider audience. The Charity's in-depth features in stakeholder and related media offer a detailed rationale for its policy positions and consumer campaigns - and provide a platform for our Thought Leadership views on emerging trends and developments. These articles and blogs appear across a wide range of media channels and sectors. They include housing media, such as Inside Housing, Property Journal (the Chartered Institute of Housing magazine) and Landlord Today. But they also encompass features for other important stakeholders, from the Chartered Institute of Environmental Health, the international fire safety sector and various health and safety outlets, to those aimed at older people and the legal profession.

The Charity believes it is also vital that it continues to be a significant expert voice in the industry press. Regular features support an ongoing dialogue with manufacturers, retailers, and installers, as well as those entering emerging areas such as electric vehicles and smart homes. Features this year have included 'The Evolution of the Electrician' - a thought leadership piece for Professional Electrician magazine that discussed the ways in which the industry is changing in response to Net Zero. This illustrates how the Charity's expertise can flag forthcoming trends, opportunities and challenges in the consumer or legislative landscape. In this way, the Charity helps ensure all key stakeholders are informed of potential implications, for both business and consumer protection.

This year the Charity has commented on topics as diverse as the 'Right to Repair' Bill and the circular economy, the dangers of the online sale of counterfeit and second-hand goods, and the need for regular electrical checks across all housing tenures. The Charity has also highlighted the innovative, tailored tools that we have developed to help keep consumers safe. In supporting public affairs events, template releases for parliamentarians have proved particularly effective and are reproduced in their blogs and constituency columns in local press, as well as on their own websites.

In addition to membership of various standards setting committees and working groups, the Charity provides briefings and information to various government departments and NGOs. The Charity now has an established presence in the government's Intellectual Property Office (IPO) annual report, where its work addressing the rising tide of electrical counterfeits is effectively showcased.

Another important element of the Thought Leadership strategy is supporting the practical application of better regulation - which is also the aim of the OPSS Regulatory Awards. The Charity was highly commended in the 2021 awards, with a submission focused on the specialised training developed for Trading Standard officers, which was based on its research for OPSS on second hand goods bought offline.

This Thought Leadership strategy and in-depth features clearly position the Charity as the trusted leader in its field, with the expertise and ideas required to deal with the demands of a complex, rapidly changing world. The Charity aims to inspire those conversations that might otherwise have been lost or possibly never even considered.

Financial Position and Reserves

Overall Result

The Group has recorded a reduction in funds during 2020/21 of £4,004K consisting of net income of £5,896K and a £9,900K actuarial loss on the Pension Scheme (see note 17). The reserves at year end which are wholly unrestricted totalled £30,235K and include a Pension Reserve of £1,500k.

Gift aid of £3,293K (2020: £3,075K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated £3,263k of the 20/21 gift aid. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Income

Total Charity income was £4,098K, the main component of which was the £3,293K received from subsidiaries in gift. Other incoming resources are income payable to the Charity by both Certsure LLP and a third party for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £1,906K (2020: £2,288K). The prior year included a £100k credit relating to the pension scheme whereas this year's equivalent is a £200k credit so the underlying reduction in spend is a little lower than the headline figures suggest. There have also been some cost savings due to activities being curtailed by the pandemic.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hard and software used in the Group on a daily basis. Changes in tangible fixed assets are summarised in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme exceed the liabilities by £1.5m when measured in accordance with FRS 102. The employer is however making deficit contributions due to the different basis on which the funding position is assessed. The deficit on this basis impacts the Charity's short and medium-term cash flows by the funding arrangements agreed with the Pension Scheme Trustee. Following the 31 March 2020 triennial valuation, these payments comprise continuation of the annual amount of £600k to March 2021 followed by £250k pa until an anticipated date of self-sufficiency which is a stronger funding basis than technical provisions.

Outlook

The Group's financial position overall remains healthy. Financially, Covid-19 has not had a significant impact on the income of the Charity and forecasts suggest that the current income levels will be maintained. The Charity holds significant reserves but the Trustees are also mindful of the deficit that still exists in the Pension Scheme and are balancing that with using resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £16,600K (2020: £14,253K), an increase largely due to the investment gain of £2.1m.

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.

An investment portfolio of £12.3M of funds with a long-term investment horizon was managed by two fund managers, Rathbones and Cazenove. Improved conditions in the financial markets since the end of the previous year resulted in a total return of a gain of £2,379K being delivered on the portfolio, comprising a £2,128K capital gain combined with by £251K of income.

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending. Since the year end, the decision has been taken to move some of the portfolio to CCLA whilst retaining the two existing managers.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of two properties that are leased to third parties.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register in detail. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management 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 considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognises that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organise and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. The Trustees are currently considering how best to use the funds available to further the charitable objectives and reduce the risks posed by the pension scheme to the Charity. In the meantime, the Trustees consider it appropriate to retain the current level of reserves whilst the pension scheme has not yet reached self-sufficiency.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Nominations and Governance Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures 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 exposed to minimal foreign exchange risk as the customer base is mostly within the UK. 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 results.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and 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 2015 (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

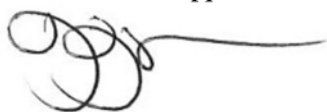
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may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

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they 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 auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.



By order of the Board
Jennifer Trim
Company Secretary
8 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2021 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the parent charitable company’s affairs as at 31 March 2021 and of the groups incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Silvia Vitiello, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 13 October 2021

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2021
(incorporating Consolidated Income and Expenditure Account)

				2021	2020
	Note	Unrestricted Charity Funds £'000	Trading Subsidiaries £'000	Total Funds £'000	Total Funds £'000
INCOME FROM:					
Investment Income – Investments	5	252	6	258	360
Investment Income – Properties		522	-	522	519
Other Trading activities - Share of profits in Joint Ventures	12	-	4,962	4,962	3,474
Income from Charitable Activities		31	-	31	118
Other Incoming Resources	18	-	-	-	2,536
TOTAL INCOME		805	4,968	5,773	7,007
EXPENDITURE ON:					
Raising funds					
Discontinued trading operations		-	2	2	(14)
Investment Management Costs		35	-	35	24
Fundraising Costs		69	-	69	69
Subtotal - Raising Funds	4	104	2	106	79
Charitable Activities					
Installation Safety		577	-	577	775
Product Safety		959	-	959	1,247
Grants and Direct		80	-	80	-
Research		63	-	63	50
Subtotal - Charitable activities	4	1,679	-	1,679	2,072
Other Expenditure	4	121	-	121	137
TOTAL EXPENDITURE		1,904	2	1,906	2,288
Net Investment (Losses) / Gains - Investments	12	2,128	-	2,128	(1,160)
Net Investment (Losses) / Gains – Property		(99)	-	(99)	(149)
NET (EXPENDITURE) / INCOME		930	4,966	5,896	3,410
Actuarial Gain / (Loss) on Pension Scheme	17	(9,900)	-	(9,900)	4,600
Transfer of Gift Aid		3,293	(3,293)	-	-
NET MOVEMENT IN FUNDS		(5,677)	1,673	(4,004)	8,010
Total Funds at 1 April 2020				34,239	26,229
Total Funds at 31 March 2021				30,235	34,239

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

The notes on pages 26 to 41 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL
BALANCE SHEETS AS AT 31 MARCH 2021

	<u>Note</u>	<u>Group</u> 2021	<u>Charity</u> 2021	<u>Group</u> 2020	<u>Charity</u> 2020
		£'000	£'000	£'000	£'000
FIXED ASSETS :					
Tangible Assets - used	10	4,121	4,121	4,252	4,252
Tangible Assets - investment properties	11	1,833	1,833	1,932	1,932
Investments	12	12,253	12,253	10,167	10,167
Investments in Joint Ventures	12	6,462		3,474	
		24,669	18,207	19,825	16,351
CURRENT ASSETS :					
Debtors	13	53	53	126	126
Cash at Bank and in Hand		4,347	2,705	4,086	1,126
		4,400	2,758	4,212	1,252
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	334	1,045	398	1,106
NET CURRENT ASSETS/(LIABILITIES) :		4,066	1,713	3,814	146
TOTAL ASSETS LESS CURRENT LIABILITIES :		28,735	19,920	23,639	16,497
DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)	17	1,500	1,500	10,600	10,600
		30,235	21,420	34,239	27,097
RESERVES					
UNRESTRICTED INCOME FUNDS		28,735	19,920	23,639	16,497
PENSION RESERVE	17	1,500	1,500	10,600	10,600
TOTAL RESERVES		30,235	21,420	34,239	27,097

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £3,867K (2020: £4,719K).

The notes on pages 26 to 41 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 8th October 2021, and signed on their behalf by:


A Chaplin - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	TOTAL FUNDS 2021 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)	(2,535)	(3,356)
Net cash provided by investing activities (Note B)	2,796	4,821
Cash flows from financing activities	-	-
	261	1,465

Analysis of Net Funds £'000	At 1 Apr 2019	19/20 Movement	At 31 Mar 2020	20/21 Movement	At 31 Mar 2021
Cash at bank and in hand	2,621	1,465	4,086	261	4,347

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	5,896	3,410
Share of profits in Joint Ventures	(4,962)	(3,474)
Depreciation	131	136
Dividends, interest and rents from investments	(258)	(360)
Rents from properties	(522)	(519)
Losses / (Gains) on investments	(2,029)	1,309
Loss on disposal of fixed assets	-	11
FRS 102 Pension operating movement	(800)	(3,700)
(Increase) / Decrease in debtors	73	(6)
(Decrease) / Increase in creditors	(64)	(163)
Net cash used in operating activities	(2,535)	(3,356)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	258	360
Rents from properties	522	519
Distributions from Joint Ventures	1,974	3,903
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	2,685	4,218
Purchase of investments	(2,643)	(4,179)
Net cash provided by investing activities	2,796	4,821

Analysis of changes in net debt

£'000	At 31 Mar 2020	Cashflow	At 31 Mar 2021
Cash	4,086	261	4,347
Cash equivalents	-	-	-
Total	4,086	261	4,347

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

				TOTAL FUNDS 2021 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)				(2,530)	(3,355)
Net cash provided by investing activities (Note B)				4,109	3,979
				1,579	624
Analysis of Net Funds £'000	At 1 Apr 2019	19/20 Movement	At 31 Mar 2020	20/21 Movement	At 31 Mar 2021
Cash at bank and in hand	502	624	1,126	1,579	2,705

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	930	(92)
Depreciation	131	136
Dividends, interest and rents from investments	(252)	(346)
Rents from properties	(522)	(519)
Losses / (Gains) on investments	(2,029)	1,309
Loss on disposal of fixed assets	-	11
FRS 102 Pension operating movement	(800)	(3,700)
(Increase) /Decrease in debtors	73	(6)
(Decrease) /Increase in creditors	(61)	(148)
Net cash provided by (used in) operating activities	<u>(2,530)</u>	<u>(3,355)</u>

B. Net cash provided by investing activities

Dividends, interest and rents from investments	252	346
Rents from properties	522	519
Gift aid from trading activities	3,293	3,075
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	2,685	4,218
Purchase of investments	(2,643)	(4,179)
Net cash provided by investing activities	<u>4,109</u>	<u>3,979</u>

Analysis of changes in net debt

£'000	At 31 Mar 2020	Cashflow	At 31 Mar 2021
Cash	1,126	1,579	2,705
Cash equivalents	-	-	-
Sub-Total	1,126	1,579	2,705
Loans due in 1 year	(715)	1	(714)
Total	<u>411</u>	<u>1,580</u>	<u>1,991</u>

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £4,098K (2020 - £6,594K) and the result was £4,223K surplus (2020 - £2,983K surplus).

(c) Income

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

(d) Investment Income

Investments listed on a recognised stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount received by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

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

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Computer software	- Between 3 and 5 years
IT equipment	- Over 3 years
Office equipment	- Between 2 and 5 years
Freehold buildings	- 2% on cost
Freehold refurbishment	- 10% on cost
Leasehold buildings	- Over the life of the lease

(i) 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.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures 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.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value and were valued at 1 April 2020 by professional valuers. The Trustees have used their judgement to update those values to current market values at 31 March 2021. At the time those professional valuations were done, due to the outbreak of Covid-19, physical inspections were not possible and therefore valuers made assumptions as to the condition and repair remaining similar to time of prior inspections. There were also caveats on property valuations where the impact of Covid-19 on the market was not fully realized or known. Those formal valuations were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global and Trustees were advised by the professional valuers that less certainty should be attached to the valuations than would normally be the case. On reviewing the reported values at 31 March 2021, the Trustees determined that – albeit to a lesser degree than in the prior year - material valuation uncertainty still remained and adjusted the valuations to current market conditions on the basis of the best available information. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

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 102 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 Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognised in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognised at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

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

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts. As part of this, the Trustees have considered the impact of the continued Covid-19 pandemic and measures taken in the UK. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements. Having made enquiries, whilst there is an expectation that there may be an impact on future income both from the investment in the joint venture and more particularly, the investment portfolio, the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements..

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes being recognised in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity's exposures and risks or methods used to measure and manage these risks during the year. The Charity seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Charity aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Charity has financial investments available. The Charity maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Charity is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also lease three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across two managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme are currently working on a journey plan towards self sufficiency.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £306k (2020: £382k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

	2021	2020
	£'000	£'000
Installation safety	103	136
Product safety	173	219
Research	11	9
Fundraising	19	18
Total	<u>306</u>	<u>382</u>

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

5. INVESTMENT INCOME AND INTEREST

	<u>2021</u> £'000	<u>Group</u> <u>2020</u> £'000
Bank interest	7	28
Investment income	251	332
	<u>258</u>	<u>360</u>

6. STAFF COSTS

	<u>2021</u> £'000	<u>Charity</u> <u>2019</u> £'000	<u>2021</u> £'000	<u>Group</u> <u>2020</u> £'000
Staff costs				
Wages and salaries	901	892	901	892
Agency salaries	2	4	2	4
Social security costs	93	121	93	121
Pension costs	97	98	97	98
Healthcare plan	4	5	4	5
	<u>1,097</u>	<u>1,120</u>	<u>1,097</u>	<u>1,120</u>

The average number of staff employed during the period was 18 (2020: 19).

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £415,334 (2020: £406,914). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

	<u>2021</u>	<u>2020</u>
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1
£80,001 to £90,000	2	3
£90,001 to £100,000	1	1
£100,000-£110,000	1	-
£140,000-£150,000	-	-
	<u>5</u>	<u>5</u>

Aggregate pension contributions paid on behalf of the above higher paid employees were £53,233 (2020: £56,473).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

8. NET INCOMING RESOURCES

	2021 £'000	2020 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	10	9
Subsidiaries	3	3
Non audit fees paid to auditors	40	35
Depreciation of tangible fixed assets	131	136
Loss on disposal of fixed assets	-	11
Operating lease charges	-	-

9. TAXATION

The Electrical Safety 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, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

Group & Charity	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office & IT equipment £'000	Computer software £'000	TOTAL £'000
<u>COST</u>					
B/fwd	4,529	-	213	-	4,742
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
C/fwd	4,529	-	213	-	4,742
<u>DEPRECIATION</u>					
B/fwd	394	-	96	-	490
Charge	85	-	46	-	131
Disposals	-	-	-	-	-
C/fwd	479	-	142	-	621
<u>NET BOOK VALUE</u>					
As at 31 March 2020	4,135	-	117	-	4,252
As at 31 March 2021	4,050	-	71	-	4,121

Land, which is not depreciated, amounting to £1,749K (2020: £1,749K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity (restated)

	£'000
B'fwd	1,932
Change in market value	(99)
C'fwd	<u>1,833</u>

THE ELECTRICAL SAFETY COUNCIL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021**

12. INVESTMENTS - GROUP

Group	<u>2021</u> £'000	<u>2020</u> £'000
Joint Ventures:		
At 1 April 2020	3,474	3,903
Share of profit for the year	4,962	3,474
Less: remitted to the Group	(1,974)	(3,903)
At 31 March 2021	<u>6,462</u>	<u>3,474</u>
Share of Joint Ventures represented by:		
Fixed assets	2,185	2,829
Current assets	16,063	7,281
Creditors	(11,786)	(6,636)
	<u>6,462</u>	<u>3,474</u>
Other Investments	<u>2021</u> £'000	<u>2020</u> £'000
Market value as at 1 April 2020	10,148	10,887
Purchases (at cost)	2,643	4,179
Disposal proceeds	(2,894)	(3,758)
Net investment gains / (losses)	2,128	(1,160)
	<u>12,025</u>	<u>10,148</u>
Cash balances held by investment managers	228	19
Market value at 31 March 2021	<u>12,253</u>	<u>10,167</u>
Historical cost as at 31 March 2021	<u>10,824</u>	<u>10,435</u>
Other investments are represented by:		
UK Equities	1,856	2,312
Overseas Equities	6,175	3,848
UK Bonds & Fixed Interest	886	1,187
Global Bonds & Fixed Interest	740	404
Hedge Funds	-	-
Portfolio Funds	154	215
Property	891	1,010
Cash funds	399	373
Others	924	799
Cash securities	228	19
Market value as above	<u>12,253</u>	<u>10,167</u>
Investments Total (Group)	<u>18,716</u>	<u>13,641</u>

12. INVESTMENTS (Continued)

Charity	<u>2021</u> £'000	<u>2020</u> £'000
Subsidiaries (See Note 20)	-	-
Other Investments	12,253	10,167
Investments Total (Charity)	<u>12,253</u>	<u>10,167</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

13. DEBTORS

	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Trade debtors	12	12	56	56
Prepayments	38	38	50	50
Social Security and Other Taxes	3	3	20	20
	<u>53</u>	<u>53</u>	<u>126</u>	<u>126</u>

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

14. CREDITORS

	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Amounts falling due within one year				
Trade creditors	58	58	100	100
Social security and other taxes	28	28	28	28
Amount due to subsidiary undertakings	-	714	-	715
Accruals and deferred income	248	245	269	263
Other creditors	-	-	1	-
	<u>334</u>	<u>1,045</u>	<u>398</u>	<u>1,106</u>

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

5. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

	Charity 2021 £'000	2020 £'000	Group 2021 £'000	2020 £'000
Not later than one year	453	453	160	176
Later than one and not later than five years	1,596	965	320	411
Later than five years	796	-	-	-
Total commitment	<u>2,845</u>	<u>1,418</u>	<u>481</u>	<u>587</u>

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which expires 31 March 2023 with a reversionary lease agreed commencing on and including 1 April 2023 and running for a minimum period of five years on a fully tenant repairing basis in respect of which the rent will be reviewed as of 1 April 2023. Certsure lease a portion of this property to NQA under a lease which expires on 28 March 2023 with a reversionary underlease having been agreed for five years from 29 March 2023 with a mutual break date of 28 February 2025. The other property owned by the Charity is occupied by the Charity with a section that is leased to a third party on a five year lease which commenced 26 April 2019 with a break date of 26 April 2022.

16. 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.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and are invested with Legal and General and Towers Watson Investment Management.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee's funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme's assets and the discontinuance funding level.

The main risks to the Scheme include:

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer's covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2020 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

As agreed following the latest formal actuarial funding valuation as at 31 March 2020, the Employer paid contributions of £50k pm from April 2020 until March 2021 inclusive and will then pay £250k pa from April 2021 until an anticipated date of self-sufficiency which is a stronger funding basis than the technical provisions. In addition, the Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund.

Scheme Asset Information	Allocation Percentage 31-Mar-21	Allocation Percentage 31-Mar-20
Equity securities	0%	0%
Debt securities	54%	57%
Real estate/property	0%	0%
Diversified fund	35%	31%
Other	11%	12%
Total	100%	100%
Fair value of Scheme assets (£ million)	94.8	93.7
Included in the above:		
Value of entity's own financial instruments	0	0
Value of property and other assets used by the Employer	0	0

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2020 valuation. In particular, the mortality assumptions are consistent with the 2020 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS "S3" all pensioner retirements table with future improvements in longevity in line with 'CMI core projection model' (2020 version) subject to a long-term improvement rate of 1.25% pa, using the core value of the parameters and an initial addition to mortality improvements of 0.5% pa.

Under the mortality rates assumed as at 31 March 2021 the implied life expectancy for a member currently aged 63 is 24.2 years for a male and 26.6 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.6 for males and 28.1 for females.

Defined Benefit Cost - Period Ending	31-Mar-21	31-Mar-20
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	(0.2)	(0.1)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	(0.2)	(0.1)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	(0.2)	(0.1)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	11.7	(3.0)
2 Return on Scheme assets (greater)/less than discount rate	(1.8)	(1.6)
3 Change in irrecoverable surplus (2)	-	-
4 Remeasurement effects recognised in OCI	9.9	(4.6)
C Total Defined Benefit Cost		
1 Cost recognised in P&L	(0.2)	(0.1)
2 Remeasurement effects recognised in OCI	9.9	(4.6)
3 Defined benefit cost	9.7	(4.7)
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	2.2%	2.3%
2 Price inflation (RPI)	2.7%	3.3%
3 Price inflation (CPI)	2.0%	2.4%
4 Pension increases for in-payment benefits		
- LPI maximum 5%	2.0%	2.4%
- LPI maximum 2.5%	1.8%	2.0%
5 Pension increases for deferred benefits	2.0%	2.4%

The fair value of assets is used to determine the expected investment return during the year

- 1 Includes only termination benefits to be paid from the Plan.
- 2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
- 3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that are broadly consistent with the current commutation factors. This is consistent with the assumption used at 31 March 2020.

The proportion of member's deaths assumed to give rise to dependants' pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2020. The Actuary preparing these figures believes this continues to be an appropriate allowance.

The employer meets the cost of administrative expenses and we have made no inclusion of these in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a "projected accrued benefit" is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

Net Balance Sheet Position - Period Ending		31-Mar-21	31-Mar-20
A Development of Net Balance Sheet Position			
1	Defined benefit obligation (DBO) of Scheme	93.3	83.1
2	Fair value of assets (FVA) of Scheme	94.8	93.7
3	Surplus/(deficit) of Scheme	1.5	10.6
4	Irrecoverable surplus (effect of asset ceiling)	-	-
5	Net defined benefit asset/(liability)	1.5	10.6
B Reconciliation of Net Balance Sheet Position			
1	Net defined benefit asset/(liability) at end of prior period	10.6	2.3
2	Effect of employee service in the current period	-	-
3	Net interest on net defined benefit asset/(liability)	0.2	0.1
4	Remeasurement effects recognised in OCI	(9.9)	4.6
5	Scheme introductions, changes, curtailments and	-	-
6	Employer contributions	0.6	3.6
7	Benefits paid directly by the Employer	-	-
8	Transfer payments	-	-
9	Net defined benefit asset/(liability) at end of current period	1.5	10.6
C Assumptions and Dates Used for Measurements(3)			
1	Discount rate	2.0%	2.2%
2	Price inflation (RPI)	3.4%	2.7%
3	Price inflation (CPI)	3.0%	2.0%
4	Pension increases for in-payment benefits		
	- CPI maximum 5%	3.0%	2.0%
	- CPI maximum 2.5%	2.3%	1.8%
5	Pension increases for deferred benefits	3.0%	2.0%
6	Scheme participant census date	31-Mar-20	31-Mar-17

3 These assumptions are at the end of the fiscal year

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

Changes in reported benefit obligations & assets - Period Ending		31-Mar-21	31-Mar-20
A Change in Defined Benefit Obligation (DBO) (including URB)			
1	DBO at end of prior period	83.1	86.8
2	Effect of employee service in the current period	-	-
3	Interest cost on the DBO	1.8	2.0
4	Remeasurement of the DBO	11.7	(3.0)
5	Scheme introductions, changes, curtailments and settlements	-	-
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.3)	(2.7)
8	Benefits paid directly by the Employer	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Termination benefits	-	-
13	DBO at end of current period	93.3	83.1
B Change in Scheme Assets			
1	Fair value of assets at end of prior period	93.7	89.1
2	Interest income on Scheme assets	2.0	2.1
3	Return on Scheme assets greater/(less) than discount rate	1.8	1.6
4	Scheme introductions, changes, curtailments and settlements	-	-
5	Employer contributions	0.6	3.6
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.3)	(2.7)
8	Administrative costs paid	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Fair value of assets at end of current period	94.8	93.7
C Return on Scheme Assets			
1	Total return on Scheme assets	3.8	3.7

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2020, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. He also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. Certsure LLP provides support services, primarily IT, Finance, HR and Facilities to ESF Enterprises Ltd, the provision of this service is charged at cost. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

	Certsure LLP	
	<u>2021</u>	<u>2020</u>
	£'000	£'000
Charged by ESC		
Rent	466	466
Staff recharges	-	-
Sale of NICEIC Brand & Approved Contractor Roll (1)	-	2,536
Charged to ESC - Reimbursable expenses	27	27
Charged to ESF Enterprises Ltd - Support Services	-	-

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

(1) On 6 June 2019, the Charity finalised a sale to Certsure LLP of its rights in the NICEIC Brand and the NICEIC Approved Contractor Roll for £2,536,000. These rights had been licensed to Certsure since its creation in 2013. The sale was at market value. The Trustees had previously agreed to the Charity ceasing to receive royalties in February 2018.

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £3,263,000 during the year (2020: £2,550,000). It also received Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary amounting to £30,000 (2020: £525,000)

During the year expenses were reimbursed to three Trustees amounting to £356 (2020 – 13 Trustees amounting to £6,729). These payments were to cover travel, subsistence and accommodation costs incurred.

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.

<u>Subsidiaries (& Cos Hse Registration)</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1)ESF Enterprises Limited (02513162)	Great Britain	Ordinary	100%	-
(2) ESC Partnerships Ltd (08281269)	Great Britain	Ordinary	100%	-

Financial information for the year and at the year end is shown below:

<u>Company</u>	<u>£'000 at 31 March 2021</u>			<u>£'000 for year ended 31 March 2021</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	722	3	719	-	3	(3)
ESC Partnerships Ltd	8,095	-	8,095	-	-	1,705

<u>Joint Ventures</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) Certsure LLP (OC379918)	UK	-	-	75%

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2021.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

The Charity owns the entire issued share copy of the following subsidiary undertakings (2) which are registered in England and are dormant:

Electrical Safety Summit Ltd	8551833
Electrical Industry Safety Summit	8551701
Plugsafe UK Ltd	8565296
Electrical Safety First Ltd	8531140
Energy Safety First Ltd	8773701
Product Safety Round Table Ltd	8821644
Electrical Product Safety Round	8822216
Fire Safety First Ltd	8776272
Electrical Fire Safety First Ltd	8776489
Fire Safety First (UK) Ltd	8776490
Utilities Safety First Limited	8773777
Utility Safety First Limited	8773812

The Charity also owns indirectly, the entire issued share capital of the following subsidiary undertakings (1) which are registered in England and are dormant:

NICEIC Contractor Services Ltd	04661718
NICEIC Certification Services Ltd	04411293
NICEIC Professional Services Ltd	04411297

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX

(2) Registered office: 45 Great Guildford Street, London, SE1 0ES