

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 2023

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2023

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

A Chaplin	Chair to 6 July 2022
S Frost	Chair from 6 July 2022
A Williams	
P Hide	Resigned 26 May 2022
S Bounoua	
E Hudson	
T Connelly	
A Wells	
A Boisset	
K Husselbee	Resigned 6 October 2022
A Damirchi	Resigned 14 September 2022
R Olszewski	
M Desmond	Appointed 12 September 2022
N Hussey	Appointed 12 September 2022
P Neville	Appointed 12 September 2022
R Bhalinge	Appointed 6 July 2023
R Gosling	Appointed 6 July 2023
R Vagdia	Appointed 6 July 2023

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

M Sibley	Finance Director	Resigned 8 June 2022
K Parker	Non-Executive Director	Resigned 9 June 2022
R Orton	Non Executive Director	Appointed 8 June 2022
E Hudson	Non Executive Director	

ESC Partnerships Ltd

S Frost	Non-Executive Director	Resigned 7 October 2022
E Hudson	Non Executive Director	
P Neville	Non-Executive Director	Appointed 12 September 2022
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)	S Frost (from 6 July 2022)
A Chaplin (to 6 July 2022 and from 6 October 2022)	N Hussey (from 12 September 2022)
A Damirchi (to 14 September 2022)	R Bhalinge (from 25 September 2023)
R Olszewski	L Rudd
P Hide (to 26 May 2022)	J Trim (Secretary)

Electrical Installation Safety Forum

S Devine IET (Chair)
M Allen ESC (Secretary)
B F Walker (co-opted independent)
A Vessey EDA
M Coles IET
P Norris BEAMA
P Sayer BEAMA
B Cairney SELECT
F Bertie Napit
C Pugsley LFB
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry Corgi AESM
J O'Neil Certsure (to Feb '23)
P Collins Certsure (from Feb '23)
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)
M Dyer Intertek
C Stammers BEAMA
N Hayler BEAMA
H Patel BEIS
C Heemskerk CTSI
M Allen ESC
P Hide ESC (to 26 May '22)
P Hide AMDEA (from 26 May '22)
C Flynn ESC
G Capanna ESC
S Bounds BSI
A Boisset ESC
C Rose LFB
A Gordon Compliance Solutions
A Simpson BRC
R Rashid AMDEA
R Harris BSI CPIN
P Cunningham SFRS

Campaign Development Group

A Damirchi ESC (to Sep '22)
A Williams ESC
N Hussey ESC (from Sep '22)
M Allen ESC
L Rudd ESC
R Carroll ESC (from Jun '22)

Remuneration & Appointments Committee

A Chaplin ESC (to 6 July '22)
S Frost ESC (from 6 July '22)
S Bounoua ESC
K Huselbee (to Oct '22 Chair)
M Desmond (from Oct '22 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 CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2022/23

The last financial year was my first one as Electrical Safety First's Chair and it has been a very positive year, as we have come out of the shadow of the COVID restrictions and have been able to focus on the Charity's core aims once more.

During the year we spent some time updating our Charity's five-year strategy: A Safer Future for an Electric World. We have now refined the strategy to include a greater focus on growing the charity and on aligning our key performance indicators to ensure they addressed the increased electrical safety risk brought about by the cost of living crisis and the difficult economic environment.

In August we relaunched the Charity's Electrical Safety Fund in response to the cost of living impact on communities in more deprived areas and we welcomed bids for grants from organisations in all four nations of the UK. Such was the demand seen for these grants that the Board agreed to double the budget available for grants for last year from £100,000 to £200,000. Our impact analysis of the responses received has shown the difference this has made to people in those areas, which has helped reinforce our safety agenda.

Last year, we sadly had to say goodbye to trustees Paul Hide, Kate Husselbee and Ali Damirchi. I want to personally thank them for all the support they have given the charity over many years and wish them well in their new adventures.

During the year we have recruited twice with three trustees joining in August and three more after the year end in July. We welcome Paul Neville, Nicola Hussey, Martha Desmond, Rahul Bhalinge, Raj Vagdia and Robert Gosling. They have brought a fresh injection of energy and ideas, as well as a broad range of vital skills – ranging across marketing communications, finance, ICT digital, technical expertise and human resources.

Since part of the charity's focus has been on strategic growth, our Chief Executive, Lesley Rudd, has also been expanding her team so that the Charity develops a structure that is best placed to meet the challenges of the next few years and which can help support an increase in activity.

As you will see from the rest of this annual report, it has been a year of considerable success for the Charity.

A combination of hard work, expertise and collaboration among members of Lesley's team, backed by the support of a forward-looking Board, saw the Charity have a considerable impact across a wide range of areas last year.

I want to place on record my immense thanks to both Lesley and her team and the Trustees for the remarkable effort they put in over the course of the year.

It has been a pleasure to serve as Chair, and it gives me and my fellow Trustees real confidence and excitement when we imagine what the Charity has the potential to achieve in the future to protect the public from the growing electrical dangers in their homes.



Sarah Frost
Chair from 6th July 2022
The Electrical Safety Council
5 October 2023

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW

Last year was the most productive and impactful I have experienced since joining as Chief Executive at the start of 2020.

Unshackled by the effects of a global pandemic and with an injection of new colleagues, bringing new skills, perspectives and energy to an already excellent team, the Charity effected real change that is helping save lives.

We successfully persuaded all four UK governments to enhance electrical home installation safety, benefiting tenants across the country. Scotland and Wales now mandate five-yearly electrical safety checks for both private and social tenants. Our campaigning efforts will also soon bring the same protection to private tenants in Northern Ireland. Moreover, the UK Government's recent announcement ensures social housing in England will have similar safeguards to the private rental sector. Fire doesn't discriminate based on housing tenure or location so we are pleased to see the legislation beginning to reflect that.

We now continue to push for checks in owner-occupied housing at the point of sale and free checks for vulnerable people, as part of the priority services register.

Our reputation for exposing dangerous electrical goods through technical investigations continued to be a real area of strength for the Charity. Some of the potentially deadly products we uncovered included: 'energy-saving' devices that actually sent shards of hot metal across the room; 'water-proof' extension leads that were nothing of the sort; and plug-in heaters with a panel that fell off at the lightest of touches exposing live parts.

This investigative work not only ensured these items stopped being sold to, and potentially harm, the public. It also fueled our media and campaigning agenda, raising the profile of these issues that need tackling at government or industry level.

We also embarked on some long-term projects that will be the building blocks for helping make Electrical Safety First a household name. We conducted a comprehensive, independent audit of our brand. We have kicked off an ambitious build of a new website that will be a best-in-class portal of life-saving advice for the UK public.

Our campaigns were the most collaborative, cross-department projects run by the Charity. *Don't Be Electricked* saw Technical, Public Affairs and Communications colleagues work hand-in-glove, blending their skills to create a powerful campaign raising awareness and the need for urgent action on dangerous electrical goods sold routinely in online marketplaces. Our award-winning Electrical Fire Safety Week campaign, *Don't Be Next*, featured not just cross-departmental collaboration, but saw us team up with four fire and rescue services across the country to warn people of the dangers of misusing portable electric heaters.

And last year laid the foundation for our most ambitious campaign yet: *Battery Breakdown*. The Technical Team spent much of last year producing the most detailed report on lithium-ion batteries to date. This was then executed in the summer across national, regional and online media.

Our annual Electrical Product Safety Conference was a significant fixture in our sector's calendar again, with over 250 attendees. We subsequently launched an inaugural Scottish Product Safety Conference and plan an installation safety-focused conference for early 2024.

Whilst last year was hugely successful, I consider it a taster of even greater things to come. Our Charity has big ambitions. We are driven by a clear, focused purpose of saving lives. The impact that you will read in this report, and that we are building for the future, does not just happen and is not easy. It is the culmination of a lot of work, endeavour, creative thinking and expertise. It also requires partnership working with stakeholders from a range of organisations.

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

I therefore want to give a huge thank you to the Charity's outstanding, committed staff. To our Board of Trustees, who dedicate their time and valuable skills for free. And to all our stakeholders and partners who have helped us to save lives.

A handwritten signature in black ink that reads "Lesley Rudd". The signature is written in a cursive, flowing style.

Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
5 October 2023

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

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 2023. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (2nd Ed. Oct. 2019) 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.

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 Members. 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 utilize the Google adverts charity scheme and further information is provided later in the 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 2023 (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.
- Provision of grants focused on reducing risks posed by electrical products and/or installations.

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

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Activities and Outcomes for the Year

Marketing communications

Electrical Safety First continued to help achieve its mission through securing extensive media coverage and engaging via digital channels. This raised awareness of dangers and conveyed best practice to the British public; it also supported the proactive influencing of governments, industry and other stakeholders on issues of electrical safety.

Traditional media

All the Charity's media campaigns are supported by appropriate evidence-based research, including consumer surveys and technical investigations of products. As well as supporting new and established media campaigns, the team was also agile in responding to opportunities as they identified developments in electrical public safety.

Between 1 April 2022 and 31 March 2023, the Charity's media relations employees secured 2,070 individual pieces of media coverage mentioning 'Electrical Safety First', across national and regional TV, radio, newspapers and their online channels. This compares with figures between 1 April 2021 and 31 March 2022 of 801 pieces of coverage secured, worth £1.84 million that created 96.5 million opportunities to see or hear.

Key traditional media impact for the financial year ending 31 March, at-a-glance:

- 2,070 individual media pieces of media coverage secured (158% increase on previous financial year).
- This created 1.01 billion opportunities to see or hear our issues (904% increase on previous financial year).
- And had an advertising value equivalent to £27.4 million. (1,389% increase on previous financial year).
- Sentiment of this coverage was 99.4% positive, 0.5% neutral, 0.1% balanced and 0% negative.

One example of a campaign this media work supported was *Don't Be Next*, which was the slogan of the Charity's Electrical Fire Safety Week activation for 2022. *Don't Be Next* focused on raising awareness of the dangers connected with misusing or using substandard electrical plug-in heaters. It was shortlisted as a finalist in ten separate categories at national industry awards, winning two at the time of writing.

The proactive media coverage also supported the Charity's work in the area of online marketplaces. This included a June 2022 investigation by the charity that found a large number of dangerous electrical goods being sold in online marketplaces. This was followed up by the launch in December 2022 of the *Don't Be Electricked* campaign, which used a blend of research, traditional media and social media activity to raise awareness of the need to regulate to improve safety, as well as awareness amongst consumers of the need for vigilance when it comes to purchasing electrical goods, especially online. To date, *Don't Be Electricked* has been shortlisted as a finalist in three separate categories at national industry awards.

In June 2022, the Charity published results of an investigation into the effectiveness of the legislation introduced in 2020 following successful campaigning which saw private landlords legally mandated to carry out five-year Electrical Installation Condition Reports (EICRs). Cross-departmental collaboration saw all local authorities sent Freedom of Information (FOI) requests. The responses with sufficient information found a total of 6,863 electrical faults recorded across 98 local authorities, providing an insight for the first time into the state of the electrics in England's private rental housing stock. The media relations function achieved media coverage using this primary data in a range of national, regional and trade outlets, including BBC Online, The Sun, and a live interview with a spokesperson on Times Radio.

Digital and social media

Website

The Charity continued to publish considerable pertinent information regarding electrical safety, associated media and political campaigns and industry-focused activity. Across the 12 months between 1 April 2022 and 31 March 2023, the Charity's website received more than 6.1 million page views by 4.3 million unique visitors.

The website provided the landing pages for key campaigns last financial year, including *Don't Be Next* and *Don't Be Electricked*. It was also employed to market and process registrations for the annual Electrical Product Safety Conference and Safety Innovation Award.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The Communications Department as a whole, led by the digital communications personnel, also embarked on a review, analysis and scoping initiative of the website to inform a future rebuild of the Charity's online presence.

Electrical Safety First website visits stats between 1 April 2022 and 31 March 2023

Metric	Count
Page views	6,111,445
Unique page views	5,559,045
Users (unique visitors)	4,301,416
New users	4,261,150
Sessions	4,908,221

Social media

The Charity harnessed social media to convey safety messages and help influence decision-makers, around a wide range of electrical safety issues. It also supported key campaigns, such as those addressing the safety of goods available for sale on online marketplaces and the increased use of electric plug-in heaters driven in part by the cost-of-living crisis, with organic and targeted posts across its online channels.

Social media also supported the charity's campaign on EICRs in the private rental sector derived from the FOIs retrieved from local authorities that detailed the extent of electrical faults uncovered. That data was publicised across Charity and employees social channels, along with an infographic detailing the key statistics, and calls for this protection and legislation to now also cover tenants in social housing.

Social media also proved a vital tactic for marketing our Safety Innovation Award and our annual Electrical Product Safety Conference.

More than 3.1 million impressions were achieved through activity across the Charity's Twitter, Facebook, Instagram and LinkedIn channels in the financial year ending 31 March 2023.

Electrical Safety First social media stats between 1 April 2022 and 31 March 2023

Channel	Impressions	Engagements (likes, replies, retweets, link clicks)
Twitter	2,246,536	9,586
Facebook / Instagram	730,074	6,127
LinkedIn	170,340	10,825
Total	3,146,950	26,538

The Charity also increased its Facebook followers between March 2022 and March 2023 from 19,969 to 23,084 – an increase of 3,115 followers (15.59%).

Google adverts

The Charity's digital communications employees continued to harness the opportunity offered by the Google adverts charity scheme. Between 1 April 2022 and 31 March 2023, Electrical Safety First secured \$425,450.05 worth of complimentary advertising relating to search terms entered into Google, which generated 305,532 clicks through to our website.

This compares with a 2021-22 Google adverts performance of \$298,494.96 worth of free advertising secured which generated circa 228,231 visits to the website. So in the financial year ending 31 March 2023, the Charity's digital communication function secured a \$126,955 (42.5%) increase in free Google ads and 77,501 (34%) more click-throughs to our website.

Events

The Charity's annual Electrical Product Safety Conference, entitled 'Safe and Sustainable,' took place on 23 November. 238 delegates registered (a 53% increase on the Charity's last live event) with a very low drop-out rate. £35,800 of income was raised through sponsorship and ticket sales. 98% of delegates said they would recommend the conference to a friend. 50% of sessions were rated as 'Very Good', and 50% as 'Excellent' (compared to all sessions rated as 'Very Good' last year).

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Included within the annual conference was the announcement of the winner of our Safety Innovation Award. Launched in 2019, the Award was established to acknowledge an innovative and sustainable product or project, placing safety of consumers at the heart of its development. Last year's winner for 2022, Connected Innovations, offered another way of dealing with potential fires, this time from their smart socket device. The sockets, backed by a core safety and communications system which monitors a range of external factors, have the ability to switch off appliances if it detected a buildup of heat in the plugs and nearby wiring.

Working with governments

The Charity collaborates with parliamentarians and policymakers, shaping impactful electrical safety legislation. Our scope covers various regulatory areas, including housing, counterfeits, online sales, recalled products, electric vehicles, and the future home. As our world electrifies, the Charity's mission gains even greater importance: ensuring electrical safety for all. Despite this, its significance remains overlooked in low-carbon strategies. This past year, the Charity emphasised the importance of electrical safety in the evolving home of the future, supplementing its primary focus on safer products and installations

Westminster-focused activity

Product safety

The Charity's policy and public affairs department continued to campaign for stronger regulation of online marketplaces, to protect consumers from purchasing dangerous electrical goods through platforms, such as Amazon Marketplace, Facebook Marketplace and eBay. Online Marketplaces lack the safeguards and protections placed on traditional high street retailers.

The Charity's collaboration with Ian Mearns MP led to the introduction of the Sale of Goods (Online) Safety Bill, which was debated in the House of Commons, ensuring ongoing political awareness and momentum for the Charity's campaign. This prompted Government Minister, Kevin Hollinrake MP, to commit to enhancing the regulation of online marketplaces through the forthcoming UK Government's Product Safety Review.

The Charity's public affairs function organised an event for the All-Party Parliamentary Group (APPG) on Online and Home Electrical Safety, for whom it provides secretariat services. The attendance of Shadow Minister for Business and Consumers, Seema Malhotra MP, further strengthened the Charity's political support and reach, leading to a separate meeting to address wider product safety concerns. The Charity also received multiple positive mentions on the floor of the House of Commons from various MPs – notably Yvonne Fovargue MP, who raised an oral question to the Secretary of State, highlighting the Charity's advocacy efforts regarding online marketplace regulation.

The public affairs team coordinated a letter from the APPG on Online and Home Electrical Safety, signed by 70 parliamentarians, urging the UK Government to regulate online marketplaces. This letter garnered coverage in the Daily Mail and Mail Online.

Expanding the Charity's focus on product safety, public affairs personnel collaborated with organisations, including the Chartered Trading Standards Institute (CTSI) and Which?, calling for changes to the Retained EU Law (Revocation and Reform) Bill, preventing a decline in product safety standards.

They also worked alongside Lord Fox and Lord Clement-Jones on an amendment to the Product Security and Telecommunications Infrastructure Bill, highlighting the need for online marketplaces to be held accountable for the safety of products sold on their platforms.

These issues were just a few of the areas the team raised during their attendance at the national political party conferences in autumn 2022. During these engagements, they actively participated in various fringe events to promote the Charity's agenda to political figures and policy influencers.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Installation safety

The public affairs function made further progress to ensure universal electrical safety protections for everyone, regardless of their circumstances, achieving significant recognition in both the Commons and the Lords.

To safeguard renters from electrical risks, the team was pleased their advocacy efforts were acknowledged in the Social Housing (Regulation) Act, which included their ask for mandatory electrical safety checks in the social rented sector in England and which became law in summer 2023.

The Charity played a pivotal role in shaping the consultation on electrical safety standards in social housing conducted by Department for Levelling Up, Housing and Communities (DLUHC). The Charity had championed the need for five-yearly electrical safety checks for leaseholders in social housing blocks, which was then included in the consultation proposals.

The public affairs team also made important strides in protecting short-term renters and holidaymakers who use platforms like Airbnb. By developing and launching a policy paper on short-term lets (STLs) in England, and actively participating in a consultation on new standards for the sector by DCMS, they addressed the lack of electrical safety regulations in this rapidly growing sector.

The Charity's commitment to homeowners and sellers led to significant progress as well. Working with Lord Foster, the team successfully advanced the Domestic Premises (Electrical Safety Certificate) Bill through the House of Lords. This groundbreaking bill, backed by the Labour frontbench, would ensure that an Electrical Installation Condition Report (EICR) is provided during property sales, extending much needed electrical safety safeguards to owner-occupied homes.

In collaboration with Lord Stunnell, the team secured an amendment to the Building Safety Bill, accepted by the Government. This amendment mandates a Government cost-benefit analysis of implementing electrical safety checks across every tenure in high-rise residential buildings in England.

Through the public affairs function's efforts, the Charity is driving impactful political and legislative change, and raising the bar for electrical safety across the board.

Scotland

With an impressive set of achievements in Scotland, including comprehensive protections for social, private, and short-term renters, as well as imminent safeguards against dangerous, recalled products, the Charity's policy and public affairs department increased its efforts to establish new relationships and expand its reach to previously unengaged Members of the Scottish Parliament (MSPs).

Their partnership with Tom Arthur MSP, the Minister for Community Wealth and Public Finance, has been invaluable. His oversight of consumer protection and responsibility for Consumer Scotland has played a pivotal role in advancing the Charity's mission in Scotland, particularly in matters concerning product and consumer safety.

To amplify the Charity's impact, the public affairs function actively participated in a range of prominent events and groups. Notably, it presented at the Scottish Parliament's cross-party group on accident prevention and safety awareness. This platform provided an opportunity to showcase their policy work and emphasise its significance.

Another noteworthy speaking engagement took place at the Edinburgh Fringe Green Homes Festival in August 2022, where the team focused on raising awareness about the imminent electrical safety risks associated with net zero homes of the future.

They also attended conferences organised by all major political parties in Scotland and engaged with over 50 MSPs, bringing attention to critical issues. Their focus included shedding light on the inadequate regulation of online marketplaces and emphasising the vital necessity of providing free electrical safety protections for vulnerable people.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

A significant highlight was the public affairs team's presence at the SNP conference in October 2022, which drew the attention of the then First Minister, Nicola Sturgeon MSP. Her visit to their stand provided it with high-level engagement and increased the Charity's visibility. This moment received media coverage, including a feature on Channel 4 News.

Wales

The implementation of the Renting Homes (Wales) Act 2016 in December 2022 marked a significant milestone for the Charity, as it introduced mandatory electrical checks for both the private and social rented sectors in Wales. The public affairs team's advocacy efforts extended to campaigning for similar measures to be implemented in short-term lets, gaining the support of the Welsh Government, which has committed to proposing legislation in 2023.

To amplify the Charity's concerns and engage with Members of the Senedd (MSs), the public affairs team organised multiple impactful events in the Welsh Senedd. One event, sponsored by Mike Hedges MS, focused on addressing the pressing issues surrounding electric vehicles and the risks associated with unsafe charging practices. This event attracted the attendance of a quarter of all MSs, raising awareness about the role of the Charity's voice in the decarbonisation of transport.

Another event, sponsored by Mark Isherwood MS, underscored the benefits of homes having an Electrical Installation Condition Report, not only under the Renting Homes Wales Act but also if extended to owner-occupied homes. 13 MSs attended, and the coverage generated through photos and press releases was widely shared by attendees through local press and social media.

In the Charity's pursuit of advocating for electrical safety during the cost-of-living crisis, the team organised the tabling of a statement of opinion in the Senedd, which garnered support from 13 MSs, further solidifying the significance of the Charity's cause.

Public affairs personnel met with Deputy Minister for Climate Change, Lee Waters MS, who holds responsibility for sustainable transport policy in Wales. His support will play a crucial role in ensuring the introduction of safer and greener travel measures.

Through these concerted efforts, the department has made significant progress in advocating for electrical safety and driving positive change in Wales. Its engagement with MSs, combined with the commitment from the Welsh Government, sets the stage for a safer and more sustainable future for all.

Northern Ireland

Despite the ongoing delay in the reformation of the Northern Ireland Assembly, limiting the Charity's ability to push its legislative agenda, the public affairs function managed to engage with politicians from across the political spectrum. Its outreach extended to influential figures such as Ciara Ferguson MLA (Sinn Fein), Kellie Armstrong MLA (Alliance) and Robbie Butler MLA (Ulster Unionist Party). These relationships allowed the Charity to make its voice heard and advocate for important causes.

A significant accomplishment was the passing of the Private Tenancies Act in Northern Ireland. This legislation includes the crucial provision of electrical safety checks in the private rented sector, a campaign the Charity tirelessly fought for. To ensure the effectiveness of these regulations, public affairs colleagues worked closely with the advisory panel, contributing their expertise and insights. Currently, the regulations await executive approval, representing a crucial step toward enhancing safety standards in Northern Ireland.

Electrical Safety Fund

In response to the cost-of-living crisis and research showing the likelihood of electrical safety being compromised by financial concerns, the Charity launched its new Electrical Safety Fund. It awarded £200,000 worth of grants to 44 organisations across the UK. Projects ran until the end of February 2023. They ranged from electrical blanket testing and replacement drop-in events, to the staging of a theatrical production that raised awareness of electrical safety issues.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Product Research and Investigations

Dangerous plug-in heaters

Electrical Safety First's Technical Department carried out an investigation into three electric heaters identified in online adverts targeting shoppers and referencing the record-high energy bills as a means of attracting consumers to their product. After purchasing the *Keilini*, *HeatPal* and *InstaHeat* heaters directly via the pages linked to from the adverts, testing revealed all three posed a serious risk of electric shock, with mains plugs not meeting the necessary UK safety standards. Two featured such poorly made plugs the pins risked breaking off when plugged into a socket, posing a serious risk of electric shock. The charity conducted a strength test on the plug pins of *HeatPal* and *InstaHeat*, both of which failed. Buyers also risked damaging their sockets with these devices, as plug sections on two heaters did not meet the dimensional requirements for UK sockets. This means they did not fit into a socket-outlet correctly and risked causing damage to the socket-outlet over time. The *Keilini* brand featured no UK plug whatsoever, instead being fitted with an EU mains plug and a substandard UK travel adaptor. This arrangement is unsuitable for use in UK sockets, as there is no fuse in the plug, creating a fire risk with no safety mechanism to protect the cable or to cut power to the heater in the event of a fault. All heaters purchased were missing basic markings on the product required of them by legal safety standards. The Charity reported its findings to the Government's Office for Product Safety and Standards (OPSS) and to the Advertising Standards Authority (ASA). It also secured national and media coverage of the issue to alert consumers to the danger.

Online marketplaces

The Charity's technical experts also investigated listings of electrical goods across five leading online marketplaces, including Amazon Marketplace, eBay, Facebook Marketplace, AliExpress and Wish.com. More than 50 listings of products for use around the home were unsafe. One EV charging cable purchased from eBay presented a risk of electric shock and overheating when it was tested by a specialist lab. Two other EV charging cables purchased from Amazon Marketplace also failed electric shock tests, exposing users to a major hazard. Hair dryers and straighteners tested had been fitted with illegal mains plugs lacking a fuse, presenting both fire and electric shock risks. One kitchen blender was fitted with a defective motor that began to overheat and release smoke, less than a minute after being switched on. The Charity made OPSS and all of the online marketplaces aware of the dangerous products. It also created a photo opportunity by taking out a physical stall at a busy Central London market and secured substantial media coverage, to spread the word of these dangers amongst the public and to support calls for legislation to address the dangers of electrical goods available on these types of online sites.

E-bike chargers

In another investigation Electrical Safety First identified mains chargers designed to charge e-bike batteries that could start devastating fires. Nearly 60 listings were found by the charity across Amazon Marketplace, eBay, Wish.com and AliExpress, all of which fell well below the necessary safety standards for sale to UK consumers. The listed products were predominantly advertised as e-bike chargers, whilst others were for multiple use, designed to charge the batteries of e-scooters or hoverboards. The charging devices, advertised as accessories for e-bikes to power up lithium-ion batteries, all failed to meet the necessary standard for UK plugs, with many appearing to have no fuse, giving serious doubt as to the overall safety of the product, including the quality and safety of internal components. Plugs without a fuse have no means of cutting out in the event of a fault in the supply lead, leaving the consumer exposed to a serious risk of fire. The risk associated with substandard charging devices powering lithium-ion batteries is particularly acute, as in the event of a fire occurring from the charger, its close proximity to this type of battery could cause a ferocious and devastating fire in the home. On contacting the Marketplaces investigated, all removed or blocked the listings highlighted to them by Electrical Safety First. One marketplace informed the charity it had subsequently conducted a deep dive based on the intelligence provided by the Charity on its platform resulting in the removal of hundreds more listings.

'Energy-saving' devices

An investigation in spring of 2022 uncovered four dangerously substandard plug-in devices sold online that purported to either save energy or 'stabilise electrical current'. The marketing of these products at a time of high energy bills, suggested the sellers were exploiting the cost-of-living crisis. Electrical Safety First commissioned

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

an independent lab for specialist testing, which revealed all failed basic safety standards, risking fires and electric shock. Energy saving claims are broadly linked to internal electronic components called 'capacitors' which can 'smooth the electrical current.' However, in one of the devices tested, the capacitor was not connected internally, rendering the component useless and the product's 'energy-saving' claims baseless. The Charity shared its findings with the ASA and OPSS, who immediately asked the online marketplace in question to delist the product and updated the information on its Product Safety Database. The online marketplace swiftly removed the products for sale and conducted a further sweep, removing a further 145 listings.

Lithium-ion batteries

The Technical Department also began an extensive investigation into lithium-ion batteries, which power e-bikes and e-scooters, following a growing number of incidents where some of these items have been responsible for devastating fires. The nature of these batteries means that if there is a fault, through substandard or incompatible products or through misuse, the resulting fire can be ferocious in nature and very difficult to extinguish. The research product comprises desktop research and testing at an independent laboratory. The Charity's findings were published in a report in summer 2023.

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. To support the aim to be a collaborative organisation, and to work as a facilitator of best practice, the Charity has established – and hosts – various electrotechnical committees and groups. A wide range of areas are encompassed, from the safety of electrical installations and products, to new technology and the smart home. Membership of these groups is equally diverse, and includes representatives from throughout the product and installation supply chain, as well as lawyers, distribution network operators, fire and rescue services, trading standards and Government and non-departmental Government bodies.

Electrical Safety First established and Chair the following committees:

- The Electrical Installation Safety Forum takes an overarching review of anything from the safety of electrical supply intake equipment to installer competence and emerging safety issues.
- The Electric Vehicle Charge Point Installation Safety Working Group set up in collaboration with the Office for Zero Emission Vehicles (OZEV), to improve the quality and safety of EV charge point installations.
- The Wiring Regulations Advisory Group (WRAG), provides guidance on frequently asked questions on BS 7671 (IET Wiring Regulations). The group establish a consensus response to queries on the standard, which is then added to the WRAG database, published on the Electrical Safety First website. This resource is well regarded and well used, attracting around 3,500 visits per month.
- The Electrical Safety of Products Committee reviews the safety of consumer electrical products which connect to mains voltage and extra-low voltage supplies. It considers changes in legislation and standards, reviews the Charity's product screening activities, and has a watching brief on emerging issues impacting on consumer safety.
- The EICR Improvement Working Group, seeks to improve the quality and consistency of Electrical Installation Reports (EICRs) for the benefit of end users, including landlords letting agents. It also aims to develop guidance that will provide transparency on the scope and extent of periodic inspection and testing of electrical installations.
- The Improving Product Registration and Recalls (IPRR) Working Group aims to develop collaborative solutions to improving low product registration and recall response rates.
- The Smart Technology Product Safety Stakeholder Group is co-chaired by Electrical Safety First and the law firm DLA Piper. It aims to identify issues arising from connected technology which could impact on consumer safety and to promote good practice within the industry. Shortly after the year end the Group published its second in a series of guides helping consumers in the UK when buying and using smart technology in their home.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The Charity is a member of multiple British Standards Institute's (BSI) committees and various other key electrotechnical committees and forums, which provide the opportunity to influence improvements to standards and to collaborate with relevant organisations. There is also collaboration with international standard setting through CENELEC – the European Committee for Electrotechnical Standardisation – that impact on UK standards is maintained via the Charity's membership of BSI committees.

Electrical Safety First's Chief Executive is a long-standing member of ESSAC, the Electrotechnical Standardization Strategic Advisory Council, which provides the British Standards Institution with high-level, strategic advice and guidance for the UK's electrotechnical industry. Other groups which we have membership of include: the National Fire Chief's Council's Home Safety Committee; the Department for Energy, Security and Net Zero's (DESNZ) Smart Meter Operational Group and Smart Meter Safety Advisory Group.

The Charity's long-standing work with the Office for Product Safety and Standards (OPSS), has continued, particularly around raising awareness of safety issues associated with products sold on online marketplaces and the need for legislation to better protect consumers.

Electrical Safety First is frequently used as an expert voice by national and regional media – as well as the electrotechnical industry – and beyond. Its technical specialists are frequent speakers and panellists at a variety of events. These included: Retra, AMDEA's appliance 2050 and ICPHSO.

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.

Certsure carries out assessments on businesses designed to verify the ongoing competency of these businesses and ensure technical integrity and safety standards are continuously upheld. Regular assessments are a condition of being certified by NICEIC, the operating name of Certsure. Split into two key areas, the assessments include on-site scrutiny of representative examples of work, and office audits – to verify effective record keeping and that the correct qualifications, insurances, and policies are in place. Evidence that employees are adequately supervised, and that they are undertaking continuous professional development, is also required. To help people find their nearest NICEIC certified business, Certsure's website hosts a 'Find a Contractor' tool, which allows consumers to search for local businesses by postcode.

Certsure has supported the continued roll-out of legislation relating to Electrical Safety Checks in the rental sector providing guidance to Landlords, Tenants and Electrical Contractors. Working alongside Electrical Safety First and other industry stakeholders, Certsure is also actively involved in campaigning for parity, sharing the collective view that every tenant should benefit from regular electrical safety checks regardless of geographical location or tenure.

Along with other key stakeholders, including Electrical Safety First, Certsure sits on the BSI JPEL/64 committee, a cross-industry group responsible for maintaining BS 7671, the Institution of Engineering and Technology (IET) Wiring Regulations, which is currently in its 18th edition. The committee takes on board information from international committees and UK specific requirements, to ensure consistency and improve safety throughout the UK electrical industry.

Certsure's technical helpline is another resource open to electrical contractors. This service assists contractors with their real-life queries. Both Certsure and Electrical Safety First are committed to ensuring consumer protection by continually raising industry standards. NICEIC technical webinar series, *THE WIRE*, is broadcast live and also available on demand. The on-demand library features over 30 hours of CPD accredited webinars. Certsure is also a leading training provider for the electrotechnical industry, offering a wide range of highly regarded formal training, delivered via various platforms. Both via formal training courses and free CPD, Certsure is helping thousands of electrical contractors keep their technical knowledge and skills up to date – and helping to ensure they deliver safe, compliant, installations to consumers.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Future Plans for 2023-24 include:

Continue working to ensure the Charity fulfills the aims set out in its updated five year strategy running to 2028. The key strategic priorities of the Charity following the strategy review were agreed as:

- Be the recognised expert voice in electrical safety.
- Safer electrical installations.
- Safer products.

Towards these the Charity has identified specific actions. There are seven key performance indicators (KPI) that the Charity will aim to have achieved by 2028 and 12 month goals for 2023-24 in relation to each KPI have been identified. Progress is recorded and regularly reported to quarterly Trustee meetings.

Financial Position and Reserves

The Group has recorded an increase in funds during 2022/23 of £2,918K consisting of net income of £3,718K and a £800K actuarial loss recorded on the Pension Scheme with the asset indicated by the difference between the Scheme Assets and Defined Obligation not being recognized on the Balance Sheet (see note 17). The reserves at year end which are wholly unrestricted totaled £31,276K.

Gift aid of £5,115K (2022: £5,579K) 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 all of the 22/23 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.

Income

Total Charity income was £6,147k (2022: £6,458K), the main component of which was £5,115k (2022: £5,579K) received from subsidiaries in gift. Other incoming resources are income payable to the Charity by Certsure LLP for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £2,663K (2022: £1,950K), a substantial increase on the prior year. Activities were no longer constrained by the restrictions that resulted from covid and the Charity awarded grants totaling £293K (2022: £0) targeted to improve electrical safety.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hardware used daily. Changes in tangible fixed assets are shown in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme exceed the liabilities by £9.6m when measured in accordance with FRS 102 but the employer has not recognised this asset under FRS102 Section 28.22. The employer did however make deficit contributions during the year due to the different basis on which the funding position is assessed. The deficit on this basis can impact the Charity's short and medium-term cash flows depending on the funding arrangements agreed with the Pension Scheme Trustee. Following the 31 March 2020 triennial valuation, these payments comprised 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. However, in order to shorten the timescale for the Scheme to achieve self-sufficiency, the Trustees decided to make a lump sum contribution of £4m before the end of 2021/2 and increase the annual contributions to £1m pa from April 2022 with a shortened target date of self-sufficiency being achieved by the end of 2027. Following a significant improvement in the funding position with self-sufficiency believed achieved, it was agreed to pause contributions after September 2022 once £500K had been paid in the year. The next triennial valuation is scheduled as at 31 March 2023 and is currently in progress.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Outlook

The Group's financial position overall remains healthy. The Charity holds significant reserves but the Trustees are also mindful of the obligation that still exists to 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 £20,072K (2022: £17,850K). Whilst investments have lost value, gift aid received in year has resulted in an increase in bank balances more than offsetting this.

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 £12.1M of funds with a long-term investment horizon was managed by three fund managers, Rathbones, Cazenove and CCLA. Difficult conditions in the financial markets over the course of the year resulted in a negative return of £358K being delivered on the portfolio, comprising a £772K capital loss combined with £428K of income and £14k of management fees.

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.

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 a property leased to a third party.

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. 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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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 continue to consider how best to balance the use of 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 it retains the liability for the pension scheme.

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 Remuneration and Appointments 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 in the case of the Certsure Joint Venture, 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.

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 applicable Charities SORP;
- 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 ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)


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.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

By order of the Board
Jennifer Trim, Company Secretary, 5 October 2023

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 2023 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 2023 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:

- the parent charitable company has not kept adequate and sufficient accounting records, 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 18, 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.

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.

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

- 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 group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 group and parent charitable 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 group or parent charitable 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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.

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

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.

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 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.

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

- 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.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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: 9 October 2023

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 2023 (incorporating Consolidated Income and Expenditure Account)

		Unrestricted Charity Funds	Trading Subsidiaries	2023 Total Funds	2022 Total Funds
	Note	£'000	£'000	£'000	£'000
INCOME FROM:					
Investment Income – Investments	5	500	31	531	354
Investment Income – Properties		470	-	470	521
Other Trading activities - Share of profits in Joint Ventures	12	-	6,012	6,012	4,740
Income from Charitable Activities		62	-	62	9
TOTAL INCOME		1,032	6,043	7,075	5,624
EXPENDITURE ON:					
Raising funds					
Discontinued trading operations		-	3	3	5
Investment Management Costs		14	-	14	27
Fundraising Costs		63	-	63	72
Subtotal - Raising Funds	4	77	3	80	104
Charitable Activities					
Installation Safety		799	-	799	624
Product Safety		1,301	-	1,301	1,003
Grants and Direct		293	-	293	-
Research		152	-	152	90
Subtotal - Charitable activities	4	2,545	-	2,545	1,717
Other Expenditure	4	38	-	38	129
TOTAL EXPENDITURE		2,660	3	2,663	1,950
Net Investment (Losses) / Gains - Investments	12	(772)	-	(772)	588
Net Investment (Losses) / Gains – Property		78	-	78	(78)
Net Investment Gain – Reclassification of Property		-	-	-	139
Net Investment (Loss) from Impairment of Property		-	-	-	(350)
NET (EXPENDITURE) / INCOME		(2,322)	6,040	3,718	3,973
Actuarial Gain / (Loss) on Pension Scheme	17	(3,000)	-	(3,000)	5,950
(Loss) from non-recognition of Pension Asset	17	2,200	-	2,200	(11,800)
Transfer of Gift Aid		5,115	(5,115)	-	-
NET MOVEMENT IN FUNDS		1,993	925	2,918	(1,877)
Total Funds at 1 April 2022				28,358	30,235
Total Funds at 31 March 2023				31,276	28,358

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

The notes on pages 28 to 43 form part of these financial statements.


THE ELECTRICAL SAFETY COUNCIL
BALANCE SHEETS AS AT 31 MARCH 2023

	Note	<u>Group</u> 2023	<u>Charity</u> 2023	<u>Group</u> 2022	<u>Charity</u> 2022
		£'000	£'000	£'000	£'000
FIXED ASSETS :					
Tangible Assets – used	10	4,734	4,734	4,838	4,838
Tangible Assets - investment properties	11	783	783	705	705
Investments	12	12,070	12,070	12,844	12,844
Investments in Joint Ventures	12	6,012		5,313	
		<u>23,599</u>	<u>17,587</u>	<u>23,700</u>	<u>18,387</u>
CURRENT ASSETS :					
Debtors	13	256	256	79	79
Cash at Bank and in Hand		8,002	5,821	5,006	3,055
		<u>8,258</u>	<u>6,077</u>	<u>5,085</u>	<u>3,134</u>
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	581	1,289	427	1,139
		<u>7,677</u>	<u>4,788</u>	<u>4,658</u>	<u>1,995</u>
NET CURRENT ASSETS/(LIABILITIES) :					
TOTAL ASSETS LESS CURRENT LIABILITIES :		<u>31,276</u>	<u>22,375</u>	<u>28,358</u>	<u>20,382</u>
DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)		17	-	-	-
		<u>31,276</u>	<u>22,375</u>	<u>28,358</u>	<u>20,382</u>
RESERVES					
UNRESTRICTED INCOME FUNDS		31,276	22,375	28,358	20,382
PENSION RESERVE	17	-	-	-	-
TOTAL RESERVES		<u>31,276</u>	<u>22,375</u>	<u>28,358</u>	<u>20,382</u>

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 £4,412K (2022: £3,674K).

The notes on pages 28 to 43 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 5th October 2023, and signed on their behalf by:



S Frost - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	TOTAL FUNDS 2023	P/ YR FUNDS
	£'000	£'000
Net cash (used in) operating activities (Note A)	(3,286)	(6,102)
Net cash provided by investing activities (Note B)	6,282	6,761
Cash flows from financing activities	-	-
	2,996	659

Analysis of Net Funds £'000	At 1 Apr 2021	21/22 Movement	At 31 Mar 2022	22/23 Movement	At 31 Mar 2023
Cash at bank and in hand	4,347	659	5,006	2,996	8,002

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	3,718	3,973
Share of profits in Joint Ventures	(6,012)	(4,740)
Depreciation	138	122
Dividends, interest and rents from investments	(531)	(354)
Rents from properties	(470)	(521)
Losses / (Gains) on investments	694	(299)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(800)	(4,350)
(Increase) / Decrease in debtors	(177)	(26)
(Decrease) / Increase in creditors	154	93
Net cash used in operating activities	(3,286)	(6,102)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	531	354
Rents from properties	470	521
Distributions from Joint Ventures	5,313	5,889
Purchase of property, plant & equipment	(34)	-
Proceeds from the sale of investments	2,011	6,578
Purchase of investments	(2,009)	(6,581)
Net cash provided by investing activities	6,282	6,761

Analysis of changes in net debt

£'000	At 31 Mar 2022	Cashflow	At 31 Mar 2023
Cash	5,006	2,996	8,002
Cash equivalents	-	-	-
Total	5,006	2,996	8,002

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	TOTAL FUNDS 2023	P/ YR FUNDS
	£'000	£'000
Net cash (used in) operating activities (Note A)	(3,287)	(6,096)
Net cash provided by investing activities (Note B)	6,053	6,446
	2,766	350

Analysis of Net Funds £'000	At 1 Apr 2021	21/22 Movement	At 31 Mar 2022	22/23 Movement	At 31 Mar 2023
Cash at bank and in hand	2,705	350	3,055	2,766	5,821

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	(2,322)	(767)
Depreciation	138	122
Dividends, interest and rents from investments	(500)	(349)
Rents from properties	(470)	(521)
Losses / (Gains) on investments	694	(299)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(800)	(4,350)
(Increase) /Decrease in debtors	(177)	(26)
(Decrease) /Increase in creditors	150	94
Net cash provided by (used in) operating activities	(3,287)	(6,096)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	500	349
Rents from properties	470	521
Gift aid from trading activities	5,115	5,579
Purchase of property, plant & equipment	(34)	-
Proceeds from the sale of investments	2,011	6,578
Purchase of investments	(2,009)	(6,581)
Net cash provided by investing activities	6,053	6,446

Analysis of changes in net debt

£'000	At 31 Mar 2022	Cashflow	At 31 Mar 2023
Cash	3,055	2,766	5,821
Cash equivalents	-	-	-
Sub-Total	3,055	2,766	5,821
Loans due in 1 year	(714)	2	(712)
Total	2,341	2,768	5,109

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

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 £6,147K (2022 - £6,458K) and the result was £2,493K surplus (2022 - £4,812K 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 2023

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 combined with obtaining information on current market conditions from professional advisors to update those values to current market values at 31 March 2022 and 31 March 2023. At the time those professional valuations were done, 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 those property valuations due to a very uncertain property market at the time. 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 2022 and 31 March 2023, the Trustees determined that uncertainty was reducing and adjusted the valuations to current market conditions on the basis of the best available information and transactions. 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 2023

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. Where by virtue of FRS102 Section 28.22 the employer is not entitled to a refund of a surplus, the asset is not recognized.

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 2023

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, they have considered any continued impact of the Covid-19 pandemic, its aftermath, as well as the current difficult economic environment. 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 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 2023

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 leading to ultimately being able to buy the liabilities out with an insurance company.

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 £402k (2022: £376k) 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.

	2023	2022
	£'000	£'000
Installation safety	138	128
Product safety	225	207
Research	26	19
Fundraising	13	22
Total	<u>402</u>	<u>376</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 2023**

5. INVESTMENT INCOME AND INTEREST

	<u>2023</u>	<u>2022</u>
	<u>£'000</u>	<u>£'000</u>
Bank interest	103	5
Investment income	428	349
	531	354
	531	354

6. STAFF COSTS

	<u>Charity</u>		<u>Group</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff costs				
Wages and salaries	1,011	853	1,011	853
Redundancy costs	-	50	-	50
Agency salaries	21	3	21	3
Social security costs	128	112	128	112
Pension costs	106	92	106	92
Healthcare plan	3	4	3	4
	1,269	1,114	1,269	1,114
	1,269	1,114	1,269	1,114

The average number of staff employed during the period was 19 (2022: 16).

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 £347,938 (2022: £375,043). 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>2023</u>	<u>2022</u>
£60,001 to £70,000	1	-
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
£90,001 to £100,000	1	2
£100,000-£110,000	1	1
£110,000-£120,000	1	-
	5	4
	5	4

Aggregate pension contributions paid on behalf of the above higher paid employees were £53,643 (2022: £48,118).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

8. NET INCOMING RESOURCES	2023 £'000	2022 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	17	9
Subsidiaries	5	1
Non audit fees paid to auditors	46	38
Depreciation of tangible fixed assets	138	122
Loss on disposal of fixed assets	-	-

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	5,824	-	213	-	6,037
Additions	-	-	34	-	34
Disposals	-	-	(25)	-	(25)
C/fwd	5,824	-	222	-	6,046
<u>DEPRECIATION</u>					
B/fwd	1,019	-	180	-	1,199
Charge	100	-	38	-	138
Disposals	-	-	(25)	-	(25)
C/fwd	1,119	-	193	-	1,312
<u>NET BOOK VALUE</u>					
As at 31 March 2022	4,805	-	33	-	4,838
As at 31 March 2023	4,705	-	29	-	4,734

Land, which is not depreciated, amounting to £2,308K (2022: £2,308K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity

	£'000
B'fwd	705
Change in market value	<u>78</u>
C'fwd	<u>783</u>

THE ELECTRICAL SAFETY COUNCIL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023**

12. INVESTMENTS - GROUP

Group	<u>2023</u> £'000	<u>2022</u> £'000
Joint Ventures:		
At 1 April 2022	5,313	6,462
Share of profit for the year	6,012	4,740
Less: remitted to the Group	(5,313)	(5,889)
At 31 March 2023	<u>6,012</u>	<u>5,313</u>
Share of Joint Ventures represented by:		
Fixed assets	1,860	2,019
Current assets	13,076	12,293
Creditors	(8,924)	(8,999)
	<u>6,012</u>	<u>5,313</u>
 Other Investments	 <u>2023</u> £'000	 <u>2022</u> £'000
Market value as at 1 April 2022	12,810	12,025
Purchases (at cost)	2,009	6,581
Disposal proceeds	(2,019)	(6,384)
Net investment gains / (losses)	(772)	588
	<u>12,028</u>	<u>12,810</u>
Cash balances held by investment managers	42	34
Market value at 31 March 2023	<u>12,070</u>	<u>12,844</u>
 Other investments are represented by:		
UK Equities	1,254	1,740
Overseas Equities	6,738	6,963
UK Bonds & Fixed Interest	904	538
Global Bonds & Fixed Interest	736	558
Hedge Funds	92	67
Portfolio Funds	-	-
Property	552	813
Infrastructure	417	479
Cash funds	6332	842
Commodities	371	438
Others	331	372
Cash securities	42	34
Market value as above	<u>12,070</u>	<u>12,844</u>
Investments Total (Group)	<u>18,082</u>	<u>18,157</u>
 Charity	 <u>2023</u> £'000	 <u>2022</u> £'000
Subsidiaries (See Note 20)	-	-
Other Investments	12,070	12,844
Investments Total (Charity)	<u>12,070</u>	<u>12,844</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

13. DEBTORS	Group <u>2023</u> £'000	Charity <u>2023</u> £'000	Group <u>2022</u> £'000	Charity <u>2022</u> £'000
Trade debtors	174	174	-	-
Prepayments	42	42	58	58
Social Security and Other Taxes	40	40	21	21
	<u>256</u>	<u>256</u>	<u>79</u>	<u>79</u>

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

14. CREDITORS	Group <u>2023</u> £'000	Charity <u>2023</u> £'000	Group <u>2022</u> £'000	Charity <u>2022</u> £'000
Amounts falling due within one year				
Trade creditors	139	139	136	136
Social security and other taxes	33	33	25	25
Amount due to subsidiary undertakings	-	712	-	714
Accruals and deferred income	409	405	266	264
	<u>581</u>	<u>1,289</u>	<u>427</u>	<u>1,139</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.

15. 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:

	<u>Charity</u>		<u>Group</u>	
	<u>2023 £000</u>	2022 £000	<u>2023 £000</u>	2022 £000
Not later than one year	398	402	105	109
Later than one and not later than five years	1,592	1,592	211	211
Later than five years	398	398	-	-
Total commitment	<u>2,388</u>	<u>2,392</u>	<u>316</u>	<u>320</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 expired 31 March 2023 with a reversionary lease agreed which commenced on 1 April 2023 and runs for a minimum period of five years on a fully tenant repairing basis in respect of which the rent was reviewed as of 1 April 2023. Certsure lease a portion of this property to NQA under a lease which expired 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 was leased to a third party on a five year lease which commenced 26 April 2019 with a break date of 26 April 2022 which was exercised. The Charity decided on 30th March 2022 to utilize all this property after the tenant had vacated.

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 2023

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.

It was agreed following the latest formal actuarial funding valuation as at 31 March 2020, that the Employer would pay contributions of £50k pm from April 2020 until March 2021 inclusive and would 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 March 2022, the Employer agreed to make a lump sum contribution of £4m before the end of the year and from 1 April 2022, to increase the regular contributions to £1m pa. In addition, the Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund. In October 2022 it was agreed between the Trustee and the Employer that contributions should be paused until the next actuarial valuation as the scheme funding level was ahead of plan and might exceed a self-sufficiency level. The scheme rules were also amended to allow the scheme to pay administration and levy costs.

Scheme Asset Information	Allocation Percentage 31-Mar-23	Allocation Percentage 31-Mar-22
Equity securities	0%	0%
Debt securities	72%	53%
Diversified fund	16%	33%
Other	12%	14%
Total	100%	100%
Fair value of Scheme assets (£ million)	73.8	99.2
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 2023

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' (2021 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 2023 the implied life expectancy for a member currently aged 63 is 24.3 years for a male and 26.8 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.7 for males and 28.2 for females.

Defined Benefit Cost - Period Ending	31-Mar-23	31-Mar-22
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	(0.3)	(0.1)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	(0.3)	(0.1)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	(0.3)	(0.1)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	(22.2)	(4.2)
2 Return on Scheme assets (greater)/less than discount rate	25.2	(1.7)
3 Change in irrecoverable surplus (2)	(2.2)	11.8
4 Remeasurement effects recognised in OCI	0.8	5.9
C Total Defined Benefit Cost		
1 Cost recognised in P&L	(0.3)	(0.1)
2 Remeasurement effects recognised in OCI	0.8	5.9
3 Defined benefit cost	0.5	5.8
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	2.7%	2.0%
2 Price inflation (RPI)	3.8%	3.4%
3 Price inflation (CPI)	3.4%	3.0%
4 Pension increases for in-payment benefits		
- LPI maximum 5%	3.4%	3.0%
- LPI maximum 2.5%	2.4%	2.3%
5 Pension increases for deferred benefits	3.4%	3.0%

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 2023

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 2022.

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 2022. 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-23	31-Mar-22
A Development of Net Balance Sheet Position		
1 Defined benefit obligation (DBO) of Scheme	64.2	87.4
2 Fair value of assets (FVA) of Scheme	73.8	99.2
3 Surplus/(deficit) of Scheme	9.6	11.8
4 Irrecoverable surplus (effect of asset ceiling)	(9.6)	(11.8)
5 Net defined benefit asset/(liability)	0.0	0.0
B Reconciliation of Net Balance Sheet Position		
1 Net defined benefit asset/(liability) at end of prior period	0	1.5
2 Effect of employee service in the current period	-	-
3 Net interest on net defined benefit asset/(liability)	0.3	0.1
4 Remeasurement effects recognised in OCI	(0.8)	(5.9)
5 Scheme introductions, changes, curtailments and	-	-
6 Employer contributions	0.5	4.3
7 Benefits paid directly by the Employer	-	-
8 Transfer payments	-	-
9 Net defined benefit asset/(liability) at end of current period	0.0	0.0
C Assumptions and Dates Used for Measurements(3)		
1 Discount rate	4.8%	2.7%
2 Price inflation (RPI)	3.5%	3.8%
3 Price inflation (CPI)	3.1%	3.4%
4 Pension increases for in-payment benefits		
- CPI maximum 5%	3.1%	3.4%
- CPI maximum 2.5%	2.3%	2.4%
5 Pension increases for deferred benefits	2.9%	3.4%
6 Scheme participant census date	31-Mar-20	31-Mar-20

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 2023**

17. PENSION SCHEME (Continued)

Changes in reported benefit obligations & assets - Period Ending	31-Mar-23	31-Mar-21
A Change in Defined Benefit Obligation (DBO) (including URB)		
1 DBO at end of prior period	87.4	93.3
2 Effect of employee service in the current period	-	-
3 Interest cost on the DBO	2.3	1.8
4 Remeasurement of the DBO	(22.2)	(4.2)
5 Scheme introductions, changes, curtailments and settlements	-	-
6 Scheme participants' contributions	-	-
7 Benefits paid from Scheme assets	(3.3)	(3.5)
8 Benefits paid directly by the Employer	-	-
9 Taxes paid	-	-
10 Acquisitions	-	-
11 Divestitures	-	-
12 Termination benefits	-	-
13 DBO at end of current period	64.2	87.4
B Change in Scheme Assets		
1 Fair value of assets at end of prior period	99.2	94.8
2 Interest income on Scheme assets	2.6	1.9
3 Return on Scheme assets greater/(less) than discount rate	(25.2)	1.7
4 Scheme introductions, changes, curtailments and settlements	-	-
5 Employer contributions	0.5	4.3
6 Scheme participants' contributions	-	-
7 Benefits paid from Scheme assets	(3.3)	(3.5)
8 Administrative costs paid	-	-
9 Taxes paid	-	-
10 Acquisitions	-	-
11 Divestitures	-	-
12 Fair value of assets at end of current period	73.8	99.2
C Return on Scheme Assets		
1 Total return on Scheme assets	(22.6)	3.6

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

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.

The surplus (asset) indicated by the difference between the value of the Scheme assets and the DBO has not been recognised on the Balance Sheet in accordance with FRS102 Section 28.22. The employer does not have a right to a refund of the surplus.

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.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

	<u>Certsure LLP</u>	
	<u>2023</u> £'000	<u>2022</u> £'000
Charged by ESC		
Rent	468	467
Staff recharges	-	-
Charged to ESC - Reimbursable expenses	23	22
Charged to ESF Enterprises Ltd - Support Services	-	-

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £5,115,415 during the year (2022: £5,579,284). It received no Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary, during the year (2022: £nil.)

During the year expenses were reimbursed to seven Trustees amounting to £3,239, (2022 – eight Trustees amounting to £2,269). 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 2023</u>			<u>£'000 for year ended 31 March 2023</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	718	4	714	-	2	(2)
ESC Partnerships Ltd	8,187	-	8,187	-	1	(927)

<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 2023.

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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 during the year owned the entire issued share capital of the following subsidiary undertakings (1) which were registered in England and were dormant:

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

Applications to strike the above three companies off the register were made on 21 March 2023 and the three companies were dissolved on 13 June 2023.

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX. Note the registered office of ESF Enterprises Ltd moved to 45 Great Guildford Street, London, SE1 0ES on 20 September 2023.

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