



British Safety Council Services

Trustees' Report and Financial
Statements

For the year ended

31 December 2006

British Safety Council Services

Trustees' Report and Financial Statements

For the year ended 31 December 2006

Charity registration number	1097271
Company registration number	04618713
Principal and Registered office	70 Chancellors Road Hammersmith London W6 9RS
The Trustees	The Board of Trustees Chairman N Wrightson OBE LLB DipSH CFIOSH (appointed 24 September 2006) Sir Frank Davies CBE OstJ (retired 24 September 2006) Members R J Cox Esq LLB Sir Frank Davies CBE OstJ (resigned 24 September 2006) S Radford LLB (Hons) Solicitor CTA TEP MICSP T Kelly MBA BA FMIDM C Watchman Esq FCA N Wrightson OBE LLB DipSH CFIOSH (appointed 24 September 2006)
Principal officer	The Chief Executive David E Ballard LLB, MSc, CEng, FICE, FCI Arb, Barrister
Company Secretary	Chay Champness BA (Hons), ACMA
Bankers	Barclays Bank plc 75 King Street London W6 9HY
Solicitors	Bates, Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

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British Safety Council Services

Report of the Trustees

For the year ended 31 December 2006

The Board (the 'Trustees' who are also the directors for Companies Act purposes) present their report together with the financial statements of British Safety Council Services for the year ended 31 December 2006. The financial statements have been prepared under the accounting policies set out on page 13 and 14 of the financial statements and comply with the Memorandum and Articles of Association, applicable law and the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in 2005.

Occupational Health and Safety

British Safety Council Services takes very seriously its obligations regarding health and safety to its staff, and to anyone else who may be affected by British Safety Council Service's activities. Each year the health and safety policies are reviewed and confirmed. The safety committee meets quarterly and representatives from each department attend to discuss ways of making our premises and procedures even safer.

All new staff are required to attend a training course given by British Safety Council Services. It is a requirement of continued employment for staff to achieve at least the British Safety Council Awards Level 1 Certificate in Health and Safety at Work.

Structure, Governance and Management

Company Status

The charity is a company limited by guarantee. The members of the company are the trustees of the company. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Governance

Under the terms of the Articles of Association of British Safety Council Services, members of the Board are elected for a period of three years, after which they must retire but can offer themselves for re-election for a further three year period. Trustees can serve no more than three, three-year terms of office, a maximum of nine years, and then stand down. On reaching 70 years of age, Trustees are required to resign and offer themselves for re-election. The re-election needs to be supported by a business case made on each occasion by another Trustee and re-election is on an annual basis up to the age of 75 when Trustees are required to retire. The Board plans to meet four times a year.

The constitution of British Safety Council Services limits the number of Trustees to ten (and sets various other criteria), and there are currently five members.

British Safety Council Services is committed to working towards adoption of the *Good Governance: A Code for the Voluntary and Community Sector* guide.

Trustee induction and training

On appointment, Trustees undergo an induction process to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the strategic plan and recent key decisions by the Board. Orientation also includes a presentation, a meeting with key staff and the provision of company documents and Charity Commission publications.

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All of the Trustees are active at senior levels in other professional and voluntary capacities. However, Trustees are encouraged to attend training which is offered and available.

The Trustees

The members of the Board are

Sir Frank Davies (retired 24 September 2006)

Appointed to the Board in March 2000 - Sir Frank was from 1993 until 1999 Chairman of the Health and Safety Commission. He has over forty years employment in manufacturing, holding senior positions in the aluminium, packaging and construction materials industries. Sir Frank is a non-executive Director of a number of companies and for nine years served as a member of a District Health Authority and eight years as Chairman of an NHS Trust. He was knighted in The Queen's Birthday Honours list in June 1999. He became an Honorary Fellow of the International Institute of Risk & Safety Management in December 2001, and was elected as Chairman of the British Safety Council on 12 December 2001 and retired in September 2006.

Ron Cox

Appointed to the Board in December 1997 - Ron is a graduate in Business Administration from the INSEAD Business School Fontainebleu and the De Severski Institute of New York. He holds a law degree and is a committed Human Resources professional with experience within multi-national companies. He was Human Resource Director, A E Goetze Special Products Limited from 1990 to 1997. Since 1997 Ron has been involved successfully with leadership and management development through his role as a business consultant advising and developing competencies at board level across a large number of industries.

Nina Wrightson (appointed 24 September 2006)

Nina was appointed to the Board in September 2001 and as Chairman of the Board from September 2006. She was Risk Management Director for Northern Foods plc. Nina is a past President of the Institution of Occupational Safety and Health (IOSH) and Chairman of RoSPA's National Health and Safety committee. She has a Bachelor of Laws degree, a Post Graduate Diploma in Safety and Hygiene, is a Fellow of IOSH and a Chartered Safety and Health Practitioner. Nina was awarded an OBE in 2005 for services to health and safety.

Sandy Radford

Sandy joined the Board in August 2002. She qualified as a chartered physiotherapist in 1963 and worked as such for 25 years. She studied part-time for and was awarded a LLB Hons in 1987, passed all heads of the Law Society Finals in 1988 and was admitted as a solicitor in 1990. She passed the ATII in 1991 becoming an associate of the Institute of Taxation and became a Trusts and Estate practitioner (TEP) in 1993. She specialised in corporate taxation working for a city law firm and then became Head of UK tax planning at bankers Coutts & Co from which she retired in April 2004.

Tessa Kelly

Appointed to the Board in June 2003 - Tessa has a degree in Geography and Social Sciences from Sussex University and a MBA. She is currently Director of Business Administration at the British Retail Consortium.

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For the year ended 31 December 2006

Charles Watchman

Charles was appointed to the Board in December 2003. He was educated and trained as a Chartered Accountant in Nottingham where he qualified in 1966. Subsequently he worked mainly in London in the accountancy profession. He established and managed a niche-market practice, Godfrey Allan, which was absorbed by Tenon Group plc with whom he continued as divisional Chairman until his retirement in 2002.

Management

The Trustees have delegated management of British Safety Council Services to the Chief Executive who reports on the performance against the strategic plans and budget approved by the Trustees. The Chief Executive is supported by the Executive Team who are responsible for discrete organisational functions. The Executive Team members are:

Chief Executive	David Ballard LLB, BSc, MSc, CEng, FICE, FCIArb, Barrister
Deputy Chief Executive	Jonathan Bramsdon BSc, MSc, AIEEMA, MIIRSM
Director of Finance and Company Secretary	Chay Champness BA (Hons), ACMA
Operations Director	Rachel Willis BEng (Hons), CEng, MIMechE
UK and International Sales Director	Marcus Whewell MA

Risk assessment

As part of British Safety Council Services regular procedures the Trustees and Executive examine and review the major risks to which British Safety Council Services is exposed. An impact analysis has been undertaken, responsibilities defined and actions taken to mitigate, wherever possible, those risks. The Trustees are satisfied that those major risks as identified have been adequately mitigated, where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed. To this end the risk analysis schedules are presented on a group basis, quarterly at Board meetings.

Objectives and Activities

Objectives

The primary object for which British Safety Council Services is established is the promotion of safety through dissemination to the public in the UK and overseas of useful knowledge, measure, methods, precautions and best practice for ensuring safety of life and limb, prevention of accidents, injury and disease and in the promotion of health.

Mission Statement and Strategy

Having established financial stability alongside significant investment in BSC Awards (the awarding body recognised by the Qualifications and Curriculum Authority) and the portfolio of training products, the

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For the year ended 31 December 2006

Trustees have reviewed the British Safety Council group strategy. In line with the charity's objects, a new mission statement and five key strategic aims have been determined. The new vision and strategy looks to deliver a broader range of charitable activities extending beyond where British Safety Council Services has been historically operating.

While existing activities are to continue to develop and grow, there is a new emphasis on delivering the mission statement through the way in which British Safety Council Services communicates to and influences society. In addition, the new strategic plan identifies ways in which the charity's activities may positively impact on individuals and their lifestyle. These will be new and exciting dimensions for British Safety Council Services and key areas of future development.

The new mission statement and five strategic aims are codified in the rolling five-year strategic plan. Supporting objectives have been cascaded to the departmental managers who, with input from staff, have devised the annual operating plan and annual budgets. These short-term operating objectives have been embedded in the organisation by linking to individual staff member key performance indicators through the established appraisal process. Objectives and detailed key metrics are recorded in the Operating Plan.

The new mission statement is

Supporting a healthier, safer and more sustainable society

In order to achieve the mission statement, the following aims are set out:

- 1 To be an International authority on health, safety and sustainability
- 2 To influence the health, safety and sustainability agendas
- 3 To enhance the performance of organisations through education, training, auditing and recognition
- 4 To help more individuals improve their capability through the attainment of recognised qualifications
- 5 To help everyone achieve a healthy, safe and sustainable lifestyle

Activities

We intend to achieve the five aims gradually over a five-year period. In 2006, two aims pertinent to British Safety Council Services were pursued, the objectives and activities of which are described below:

- Enhancing performance of organisations through education, training, auditing and recognition

British Safety Council Services is an enabling and empowering organisation operating in the business-to-business sector to improve the operational performance of organisations through the provision of key services. We work hand-in-hand with the world's leading companies, developing safe systems of work. Our specialist teams of lecturers, trainers, auditors, advisers and information providers give practical help to organisations in more than 50 countries worldwide.

We organise and conduct an extensive range of public and in-company training courses, covering occupational health, safety and environmental management. The Level 6 Diploma in Occupational Safety and Health allows access to membership levels of the Institution of Occupational Safety and Health (IOSH) and to the International Institute of Risk and Safety Management (IIRSM). We are also an approved centre for the National Vocational Qualifications at levels 3 and 4 and have been awarded

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direct claim status Candidates progress through the various stages to approval by the awarding body, City and Guilds

Our Diploma in Environmental Management automatically entitles successful candidates to Associate membership of the Institute of Environmental Management and Assessment (IEMA), as well as providing them with two points towards Environmental Auditor Registration

We offer a wide range of audit and advisory services to organisations, including a Safety Advisory Service, Five Star Health and Safety Management System Audit, Risk Assessment and Workplace Hearing Assessment Services and a Five Star Environmental Sustainability Audit The portfolio also includes an OHSAS 18001 Compliance Audit and a Safety Health Check

Other key services include the publication of the *Safety Management* magazine and the *Health and Safety at Work Act Newsletter*, plus an extensive range of British Safety Council Guides and posters

We provide our member companies with the very best support so that they may realise the benefits of an effective health and safety culture Membership services include the provision of a 24 hour helpline, a monthly magazine and access to an on-line information service Member companies of the British Safety Council number over 8,000 and come from a variety of sectors and include multi-nationals, blue chip organisations, SMEs and family businesses Over 50% of our membership base is made up of SMEs

- Becoming an international authority on health, safety and sustainability

In recent times British Safety Council Services has focused on the services it has provided to its members and customers Significant progress has been made in terms of service improvement and development and it is timely to reshape and refresh our profile to best support the new mission statement and strategic aims Given this specific objective and the current organisation's resources and skill set, it is envisaged that a new Communications and Policy Unit will be established to help fulfil this strategic objective

Our existing activities in this area continued in 2006 with our high profile programme of public events These include the International Safety Awards, annual banquet and Sword of Honour luncheon All these schemes are organised to encourage and reward organisations that have demonstrated a sustained, improved or outstanding safety record There was also a national programme of best practice exchange events, award ceremonies and examination preparation days

Achievements and Performance

- Enhancing performance of organisations through education, training, auditing and recognition

In 2006 we delivered 20,000 training delegate days, 1,500 audit/advisory days, supported 8,000 membership organisations and produced 11 editions of *Safety Management* which was distributed to approximately 22,000 destinations each month

The training activity has been much improved with the new Level 3 Certificate in Occupational Safety and Health and Level 6 Diploma in Occupational Safety and Health Both of these new qualifications have been accredited by QCA and, for the first time, recognised by IOSH for eligibility for entry to membership In addition, a suite of Level 2 qualifications with supporting training materials and courses has been developed and launched With Entry Level and Level 1, this makes the British Safety Council the only health and safety organisation that offers a comprehensive family of qualifications across the learning spectrum

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For the year ended 31 December 2006

We have developed the way in which we wish to expand our services both geographically and inter-market. Our international activities have grown in 2006 by 14% to 140 events and the appointment of a Dubai based General Manager means that our ambition to establish an overseas office in the Middle East is on course. A new team has been recruited to focus on the health, safety and environmental needs of specific UK market sectors with the objective of delivering high quality and relevant services.

Membership of the British Safety Council remains active and offers a wide range of benefits. With our ethos of continuous improvement, a membership survey was conducted to establish the value of each individual element of the offering and also the overall impression of the British Safety Council as an organisation. The results were extremely encouraging with the headline responses being

- 97% of members would recommend the British Safety Council to others
- 91% of current members rate the British Safety Council good/excellent as a leading health and safety body
- 90% of members are happy with current frequency of communication

The Publications department continues to cover a wide range of health and safety issues and has redesigned the *Safety Management* magazine. Circulation consistently remains above 22,000.

British Safety Council Services continues to receive funding by the Department of Trade and Industry for two Knowledge Transfer Partnership schemes and significant progress has been made in developing the E-Commerce and E-learning initiatives. It is envisaged that these programmes will improve the way in which British Safety Council Services transacts its activities and will expand the way in which users may access our high quality learning solutions.

- Becoming an international authority on health, safety and sustainability

In 2006 we held 10 national events reaching over 2,000 individuals. With the support of the HSE, the International Safety Award scheme recognised 580 successful applicants from organisations from around the world. This was celebrated at the annual Banquet where over a thousand guests received their Award and then enjoyed an evening of dancing, cabaret and entertainment in the incomparable Great Room at the Grosvenor House Hotel in Park Lane, London.

The Sword of Honour luncheon, held in Goldsmiths' Hall, rewarded the companies worldwide who have attained five stars in an audit and who have then gone on to compete to be one of the top forty companies. This year the winners came from the Far East, Middle East, Africa, the United Kingdom, and from the United States. We received copies of publicity material from all of those areas, the winners being very keen to show everyone what they have done.

Other events staged by British Safety Council Services were the regular presentations where members receive their certificates following a successful five star audit, and delegates who have passed British Safety Council Awards examinations collect their diplomas. This year the venues included the Kew Bridge Steam Museum, Lincolns Inn and the HQS Wellington.

In 2006, two best practice exchange events were held in London and Stockport and attracted over 500 delegates. These events allow delegates to map out their own learning experience around specific needs, interests and challenges. Using the options of roundtable discussion groups, workshops, presentations and pre-arranged meetings, delegates were able to discuss their key issues, capture best practice and develop their network of professional contacts.

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- **Other achievements**

The primary resource that supports the charity's mission is the staff of the organisation. Much recent progress has been made in training and developing staff, from the establishment of a significant training budget to ensuring that all staff sit and achieve at least a Level 1 Certificate in Health and Safety at Work.

In 2006, this commitment to staff has recently been externally recognised by achieving, under the new standard, the Investors in People award. For 2006, staff turnover was only 12% (compared to the national average of 18%) and sickness absence continues to be significantly below the national average. A "Wellness" programme was held in December with over 50 staff taking part by getting to "know their numbers" which covered blood pressure, cholesterol and BMI.

The key financial objectives were met in 2006 and performance surpassed budget. British Safety Council Services continues to operate on a sound fiscal footing.

British Safety Council Services continued to be ISO 9001 2000 accredited.

Our website (www.britsafe.org) was reviewed and completely redesigned.

Plans for Future Periods

There are a number of key objectives in new development areas which have yet to have specific metrics for the years beyond 2006. This is due to the significant amount of activity and research which will need to take place in 2007 before these are known, for example analysing commissioned research and establishing an entirely new Communications and Policy Unit. That said, a number of plans have been established and quantified and these are highlighted under each of the five aims that support the mission statement.

- **Enhancing performance of organisations through education, training, auditing and recognition**

By 2011 we aspire to increase our impact and effectiveness in these areas by delivering

- 40,000 delegate days of training
- 3,000 audit / advisory days
- 100,000 assessments (between commercial and Olympic activity)
- 10,000 membership organisations
- National events reaching 7,500 individuals

- **Becoming an international authority on health, safety and sustainability by**

- Public relations and campaigning
- Representation on advisory boards
- High profile response to media interest and stories
- Commissioning and publishing reports

- **Influencing the health, safety and sustainability agendas by**

The British Safety Council aspires to improve its standing and involvement within government and non-governmental policy and standards setting agencies. In order to achieve this we must identify the

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For the year ended 31 December 2006

influencers and key decision makers to gain representation and credibility with them. One of the key roles within the Communications and Policy Unit will be to do this

- Helping everyone achieve a healthy, safe and sustainable lifestyle

The scale of additional activity in 2007, specifically in establishing a new Communications and Policy Unit, growing existing services by 25% and commissioning and understanding research reports, means that this aim will be supported later on in the five year planning period

Financial review

This should be read in conjunction with the financial statements on pages 15 to 24

A summary of the financial results is set out below

	For the year ended 31 December 2006 £	Restated for the year ended 31 December 2005 £
Enhancing performance of organisations through education, training, auditing and recognition	928,560	546,263
Becoming an international authority on health, safety and sustainability	(68,594)	(119,817)
Net incoming resources before investment income, charitable donation and governance costs	859,966	426,446
Investment income	74,361	61,516
Charitable donation	(404,385)	(462,998)
Governance costs	(30,000)	(31,964)
Net incoming resources	499,942	(7,000)

Incoming resources for the year totalled £8,326,996, £101,657 less than in 2005. While income has fallen, cost savings and continued operational efficiencies have resulted in net incoming resources before other recognised gains and losses of £499,942 compared to a deficit of £7,000 in 2005. This represents a favourable movement of £506,942 from 2005.

This progress has been achieved by continuing three key strategies

- Restructuring the operating gearing by transferring numerous costs from fixed to direct
- A constant scrutiny on all expenditure for best value and a rolling review of supplier contracts

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- A reduction in headcount from 85 to approximately 78. The reduced headcount has placed focus on performance improvement and greater productivity. This has led to increased remuneration through a bonus scheme for the majority of the staff.

Incoming resources from activities relating to the enhancing performance of organisations objective are from the fees charged for the provision of training, audit advisory services, membership and publications subscriptions. Income of £7,959,132 is down 1% by £91,531 in 2006 and reflects a small drop in the number of members.

Becoming an international authority on health, safety and sustainability generated income of £293,503 from the entrance fees charged for the International Safety Awards, Awards and other public events. This was 7% and £22,971 less than for 2005, reflecting a fall in demand for copy certificates, plaques and other sundry products.

The organisation enjoyed investment income of £74,361 from interest from funds on bank deposit. This has increased by £12,845 from 2005 and reflects the higher cash balances held in 2006.

A charitable donation of £404,385 was made in support of British Safety Council Awards in 2006 compared to £462,998 in 2005.

The FRS17 pension deficit improved by £191,000 to £1,395,000. A charge of £15,000 was put to operating activities with a favourable movement of £206,000 showing as a recognised gain in funds.

Overall there is a favourable movement in funds in the year of £705,942 reducing the total net negative position to £632,388. This deficit position is a result of the final salary pension fund FRS17 deficit.

Investment Policy

British Safety Council Services holds British Safety Council Sales as an investment. This subsidiary company is currently dormant.

Reserves

Reserves

Current unrestricted funds are £762,612 and following the comprehensive strategy review in 2006 by the British Safety Council group, it was concluded that considerable expenditure and investment will be required to support the delivery of the key aims. Costings are to be established during the year and as the strategy develops. Funding for activities by British Safety Council Services will come from the British Safety Council. Funding will be adequate to ensure that British Safety Council Services has sufficient funds to support these activities while ensuring that there are sufficient funds to ensure continued financial viability and the working capital requirements of the charity.

While the overall balance sheet shows a net negative value arising from the pension scheme liability, the Trustees are confident that the cash flow required to service the pension fund deficit is manageable on an on-going basis. Furthermore, the British Safety Council has agreed to provide British Safety Council Services with an indemnity in respect of current and future liabilities arising from the pension scheme.

British Safety Council Services

Report of the Trustees

For the year ended 31 December 2006

Trustees' responsibilities for the consolidated financial statements

Company law requires the Trustees to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the net movement in funds of the charity for that period. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate

In so far as the Trustees are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and its subsidiary and which enable them to ascertain the financial position of the charitable company and to ensure that the financial statements comply with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

They are also responsible for safeguarding the assets of the charitable company and its subsidiary and for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985



BY ORDER OF THE BOARD

24 April 2007

British Safety Council Services

Report of the Auditors

For the year ended 31 December 2006

We have audited the financial statements of British Safety Council Services for the year ended 31 December 2006 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of British Safety Council Services for the purposes of company law) for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

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Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 December 2006

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON**

25 April 2007

British Safety Council Services

Principal Accounting Policies

Basis of Preparation

The financial statements are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005). Prior year figures have been presented on the same basis. The particular accounting policies adopted by the Trustees are described below.

The charity is exempt from the requirement to prepare consolidated accounts on the basis that it is a subsidiary of the British Safety Council who prepare full consolidated accounts.

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement attached by section 247 of the Companies Act 1985 being the small companies exemption. A consolidated cash flow statement of the group is disclosed in the British Safety Council Financial Statements.

Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold property and investments.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources Expended

All resources expended are accounted for on an accruals basis and are allotted directly to the activity to which they relate. Support costs include pay and non-pay expenditure and are allocated to direct activities on the following basis:

- Management and administration by headcount
- Human resources by headcount
- Additional pension scheme costs by headcount
- Finance by headcount
- IT by number of PC users

Governance costs include audit fees, Board of Trustee expenses, relevant legal costs and an allocation of a half day per week salary cost of the Chief Executive and the Director of Finance and Company Secretary.

Stock

Stock is valued at the lower of cost and net realisable value.

Pension scheme

A stakeholder pension is available to staff with a contribution of up to 10% depending on the employee's age. The cost of providing this benefit is charged to the SOFA in year.

British Safety Council Services

Principal Accounting Policies

FRS17 – Retirement benefits

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group/company. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Operating Leases

Rentals under operating leases - photocopiers and vending machines are charged to the SOFA in equal annual amounts over the lease term. No land and buildings are leased.

Financial risk management objectives and policies

The charity finances its operations through retained surpluses and does not currently have any borrowings or interest risk.

The charity seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably.

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Statement of Financial Activities (incorporating an Income and Expenditure Account) for the year ended 31 December 2006

	Note	Total 2006 £	Restated 2005 £
Incoming resources			
Incoming resources from generated funds			
Investment income		74,361	61,516
Incoming resources from charitable activities			
Enhancing performance of organisations through education, training, auditing and recognition		7,959,132	8,050,663
Becoming an international authority on health, safety and sustainability		293,503	316,474
Total incoming resources		8,326,996	8,428,653
Resources expended			
Costs of charitable activities			
Enhancing performance of organisations through education, training, auditing and recognition		7,030,572	7,504,400
Becoming an international authority on health, safety and sustainability		362,097	436,291
Charitable donation		404,385	462,998
Governance costs		30,000	31,964
Total resources expended	1	7,827,054	8,435,653
Net incoming resources before other recognised gains and losses		499,942	(7,000)
Other recognised gains/(losses)			
Actuarial gains/(losses) on defined benefit pension scheme		206,000	(454,000)
Net movement in funds		705,942	(461,000)
Total funds brought forward at 1 January 2006		(1,338,330)	(877,330)
Total funds carried forward at 31 December 2006		(632,388)	(1,338,330)

All the above results are derived from continuing activities. The surplus for the year for Companies Act purposes was £499,942 (2005 deficit £7,000)

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Balance Sheet at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Investments	3	<u>0</u>	<u>0</u>
		0	0
Current assets			
Stock		16,834	16,954
Debtors	4	3,257,918	3,616,255
Cash at bank and in hand		1,891,930	802,309
		<u>5,166,682</u>	<u>4,435,518</u>
Creditors: amounts falling due within one year	5	<u>(4,404,070)</u>	<u>(4,187,848)</u>
Net current assets		<u>762,612</u>	<u>247,670</u>
Total assets less current liabilities and net assets excluding pension liability		762,612	247,670
Pension liability	11	(1,395,000)	(1,586,000)
Net negative assets including pension liability		<u>(632,388)</u>	<u>(1,338,330)</u>
Funds			
Unrestricted funds		762,612	247,670
Pension reserve	11	(1,395,000)	(1,586,000)
Total charity funds		<u>(632,388)</u>	<u>(1,338,330)</u>

The financial statements were approved by the Trustees on 24 April 2007

[]

] Chairman

The accompanying accounting policies and notes form an integral part of these financial statements

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

1 Breakdown of resources expended

	Staff costs £	Direct costs £	Support costs £	For the year ended 31 December 2006 Total £	Restated for the year ended 31 December 2005 Total £
Charitable activities					
Enhancing performance of organisations through education, training, auditing and recognition	2,623,228	3,158,964	1,248,380	7,030,572	7,504,400
Becoming an international authority on health, safety and sustainability	52,051	263,493	46,553	362,097	436,291
Charitable donation	0	404,385	0	404,385	462,998
Governance (i)	11,303	16,355	2,342	30,000	31,964
Total resources expended	<u>2,686,582</u>	<u>3,843,197</u>	<u>1,297,275</u>	<u>7,827,054</u>	<u>8,435,653</u>

- (i) Governance costs include apportioned audit fees, Board of Trustee expenses, relevant legal costs and an allocation of a half day per week salary cost of the Chief Executive and the Director of Finance and Company Secretary

Support costs include staff costs of £1,134,131. The basis for the allocation and apportionment of support costs across the activity headings are as follows

Support costs	Enhancing performance of organisations through education, training, auditing and recognition £	Becoming an international authority on health, safety and sustainability £	Governance £	Basis of apportionment
Management and administration	668,247	23,867	1,432	By head count
Human resources	108,626	3,879	233	By head count
Additional pension scheme costs	110,058	3,931	236	By head count
Finance	206,191	7,364	441	By head count
IT	155,258	7,512	0	By number of PC users
Total	<u>1,248,380</u>	<u>46,553</u>	<u>2,342</u>	

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

Breakdown of resources expended (continued)

Expenditure includes.

	For the year ended 31 December 2006 £	For the year ended 31 December 2005 £
Auditor's remuneration (all fees relate to the auditing of accounts)	<u>13,320</u>	<u>12,900</u>

2 Staff Costs

Staff costs during the year were as follows

	For the year ended 31 December 2006 £	For the year ended 31 December 2005 £
Wages and salaries	3,271,039	3,105,381
Redundancy costs	14,273	65,325
Social security costs	333,094	341,312
Other pension costs	202,307	193,398
	<u>3,820,713</u>	<u>3,705,416</u>

The number of staff employed during the period, analysed by activity was

	For the year ended 31 December 2006 Number	Restated for the year ended 31 December 2005 Number
Enhancing performance of organisations through education, training, auditing and recognition	56	63
Becoming an international authority on health, safety and sustainability	2	2
Supporting activities	20	20
	<u>78</u>	<u>85</u>

At 31 December 2006 the number of staff employed was 78

The number of employees whose annualised emoluments exceeded £60,000 were as follows

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

Staff Costs (continued)

	For the year ended 31 December 2006 Number	For the year ended 31 December 2005 Number
£60,001 - £70,000	3	6
£70,001 - £80,000	4	2
£80,001 - £90,000	3	0
£120,001 - £130,000	0	1
£130,001 - £140,000	1	0
	11	9

Of the number of staff disclosed in the above table, payments of £21,913 were made for 7 employees in respect of the stakeholder defined contribution pension scheme (2005 £14,741 for 6 employees)

Of the number of staff disclosed in the above table, one employee is an active member of the defined benefit pension scheme. The British Safety Council is contributing to the scheme at the rate of £100,000 per annum. This amount is the minimum funding requirement and is not specific to any individual employee.

The Trustees received no remuneration for their services during the period.

Travelling expenses reimbursed to Trustees amounted to £13,611 for 6 Trustees (2005 £7,855 for 5 Trustees).

3 Investments

The charitable company has a 100% wholly owned subsidiary, British Safety Council Sales Limited, a company registered in the United Kingdom. The company did not trade in 2006 or 2005.

Balance sheet

	31 December 2006 £	31 December 2005 £
Cash	495	495
Creditors: amounts falling due in less than one year	(495)	(495)
	0	0

4 Debtors

	31 December 2006 £	31 December 2005 £
Trade debtors	1,592,715	1,486,101
Due from parent undertaking	1,385,475	1,938,556
Due from BSC Awards	17,479	0
Due from subsidiary undertakings	495	495
Other debtors	38,798	93,202
Prepayments and accrued income	222,956	97,901
	3,257,918	3,616,255

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

5 Creditors. Amounts Falling Due Within One Year

	2006 £	2005 £
Trade creditors	417,170	123,021
Due to British Safety Council Awards	0	47,522
Taxation and social security	331,233	282,842
Accruals	256,489	326,244
Deferred income (i)	3,399,178	3,408,219
	<u>4,404,070</u>	<u>4,187,848</u>

(i) Deferred income

31 December 2005 £	Deferred incoming resources in year £	Release of deferred income in year £	31 December 2006 £
3,408,219	8,499,178	8,508,219	3,399,178

6 Summary of Movement in Funds

	1 January 2006 £	Incoming resources £	Resources expended £	Actuarial gain	At 31 December 2006 £
Unrestricted funds	247,670	8,326,996	(7,812,054)	0	762,612
Pension reserve	(1,586,000)	0	(15,000)	206,000	(1,395,000)
Total funds	<u>(1,338,330)</u>	<u>8,326,996</u>	<u>(7,827,054)</u>	<u>206,000</u>	<u>(632,388)</u>

7 Analysis of Net Assets Between Funds

Fund balances at 31 December 2006 are represented by	Unrestricted funds £	Pension reserve £	Total funds £
Current assets	5,166,682	0	5,166,682
Current liabilities	(4,404,070)	0	(4,404,070)
Pension liability	0	(1,395,000)	(1,395,000)
Total funds	<u>762,612</u>	<u>(1,395,000)</u>	<u>(632,388)</u>

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

8 Charitable Status

The British Safety Council Services is a registered charity No 1097271. Its activities are exempt from corporation tax.

9 Capital Commitments

At the period end, British Safety Council Services had entered into commitments amounting to £nil (2005 £nil).

10 Contingent Liabilities

There were no contingent liabilities at 31 December 2006 (2005 £nil).

11 Retirement Benefit Schemes

The old British Safety Council charity operated a defined benefit scheme for all qualified employees. The assets of the scheme are held in a separately administered fund.

On 1 July 2003, the liabilities in respect of this scheme were transferred to British Safety Council Services.

The total cost of retirement benefit for this scheme was £114,382.

The scheme is subject to a triennial valuation by independent actuaries, the last valuation being carried out as at 1 October 2003, using the projected unit method, in which the actuarial liability makes allowances for projected earnings. The following actuarial assumptions were applied:

Investment returns	6.00%
Salary growth	4.30%
Pension increase	3.00%

At the last actuarial valuation date, the market value of the assets of the scheme was £2,307,000 and this actuarial value was sufficient to cover 71% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The employers' contribution rate over the average remaining service lives of the members takes account of the deficit disclosed by valuation.

At 31 December 2006 the market value of the assets of the scheme, the expected long-term rate of return from them and the present value of the scheme liabilities, all as defined in accordance with FRS 17 and valued by the scheme actuary were as follows:

	31 December 2006 %	31 December 2005 %	31 December 2004 %	31 December 2003 %	30 June 2003 %
Discount rate	5.10	4.80	5.20	5.40	5.40
Inflation assumption	3.20	2.80	2.80	2.50	2.25
Pension escalation in payment	3.20	3.00	3.00	3.00	3.00
Pensionable salary growth	4.70	4.30	4.30	4.00	3.75

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

Retirement Benefit Schemes (continued)

The assets of the scheme are held with Norwich Union

The assets and liabilities of the scheme at 31 December 2006, together with the expected rates of return on scheme assets are as follows

	Expected return 31 December 2006 %	31 December 2006 £	Expected return 31 December 2005 %	31 December 2005 £	Expected return 31 December 2004 %	31 December 2004 £
Total market value of scheme assets	5.5	2,547,000	5.75	2,145,000	6.0	2,244,000
Present value of scheme liabilities		(3,942,000)		(3,731,000)		(3,369,000)
Net pension scheme liabilities		<u>(1,395,000)</u>		<u>(1,586,000)</u>		<u>(1,125,000)</u>

	Expected return 31 December 2003 %	31 December 2003 £	Expected return 30 June 2003 %	30 June 2003 £
Total market value of scheme assets	6.0	2,354,000	6.5	2,300,000
Present value of scheme liabilities		(3,357,000)		(3,184,000)
Net pension scheme liabilities		<u>(1,003,000)</u>		<u>(884,000)</u>

As a result of the actuarial valuation as at 1 October 2003, the British Safety Council is contributing to the scheme at the rate of £100,000 per annum

The analysis of the amount charged to net incoming resources, is as follows

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

Retirement Benefit Schemes (continued)

	31 December 2006 £	31 December 2005 £
Current service cost	(73,000)	(89,000)

The projected unit valuation method has been used to arrive at the above service cost. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to the entry of new entrants to the scheme. If a scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

The analysis of the amount which has been credited to other finance income, is as follows:

	31 December 2006 £	31 December 2005 £
Expected return on pension scheme assets	125,000	126,000
Interest on pension scheme liabilities	(181,000)	(167,000)
Net return	(56,000)	(41,000)

The analysis of the amount which has been recognised in the statement of total recognized gains and losses, is as follows:

	31 December 2006 £	31 December 2005 £
Actual return less expected return on pension scheme assets	211,000	54,000
Experience gains and losses arising on the scheme liabilities	27,000	(141,000)
Changes in assumptions underlying the present value of the scheme liabilities	(32,000)	(367,000)
Actuarial gain	206,000	(454,000)

The history of experience gains and losses has been:

	Year to 31 December 2006 £	Year to 31 December 2005 £	Year to 31 December 2004 £	6 months to 31 December 2003 £	Year to 30 June 2003 £
Difference between expected and actual return on scheme assets					
Amount (£)	211,000	54,000	7,000	(60,000)	286,000
Percentage of scheme Assets	8%	3%	1%	- 3%	12%
Experience gains and losses on scheme liabilities					
Amount (£)	27,000	(141,000)	245,000	7,000	25,000
Percentage of present value of scheme liabilities	1%	-4%	7%	1%	1%
Total actuarial gains and losses					
Amount (£)	206,000	(454,000)	(51,000)	(89,000)	(227,000)
Percentage of present value of scheme liabilities	8%	-12%	-2%	- 3%	-7%

British Safety Council Services

Notes to the Financial Statements

For the year ended 31 December 2006

Retirement Benefit Schemes (continued)

The movement in deficit in the period was

	Year to 31 December 2006 £	Year to 31 December 2005 £
Deficit in the scheme at the beginning of the period	(1,586,000)	(1,125,000)
<i>Movement in the period</i>		
Current service cost	(73,000)	(89,000)
Contributions paid by employer	114,000	123,000
Past service costs	Nil	Nil
Other finance income	(56,000)	(41,000)

Retirement Benefit Schemes (continued)

Actuarial gain or (loss)	206,000	(454,000)
Deficit in the scheme at the end of the period	<u>(1,395,000)</u>	<u>(1,586,000)</u>

12 Leasing Commitments

Operating lease payments amounting to £23,480 are due within one year. The leases to which these amounts relate expire as follows

	2006 £	2005 £
Between one and five years	<u>15,500</u>	<u>15,500</u>

13 Transactions with Directors and Other Related Parties

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings

There are no other related party transactions

14 Ultimate Parent Undertaking

The immediate and ultimate parent undertaking is the British Safety Council, a charitable company registered in the United Kingdom. The consolidated financial statements of the British Safety Council can be obtained from the British Safety Council, 70 Chancellors Road, Hammersmith, London, W6 9RS

15 Warranties

As the British Safety Council pension scheme has followed the transfer of staff to British Safety Council Services and as the main assets of the British Safety Council group are held in the new British Safety Council, the new British Safety Council has agreed to provide Services with an indemnity in respect of current and future liabilities arising from the pension scheme

To ensure that the British Safety Council has acted properly and reasonably in judging that the transfer is in the best interests of the British Safety Council, British Safety Council Services warrants to the British Safety Council that the assets shall be applied in the pursuit of the charitable objectives of each entity