

British Sub-Aqua Club

Annual Report & Accounts 2006



British Sub-Aqua Club

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Auditors' Report
Consolidated Income & Expenditure Account
Consolidated Statement of Total Recognised Gains and Losses
Balance Sheet
Cash Flow Statement
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Jubilee Trust Accounts

Company Numbers:

British Sub-Aqua Club	1417376
BSAC International Ltd	2084663

Registered Office:

British Sub-Aqua Club & BSAC International Ltd

Telford's Quay
South Pier Road
Ellesmere Port
Cheshire
CH65 4FL

Auditors

Gardner Salisbury Limited
Chartered Accountants
Brynford House
Brynford Street
Holywell
Flintshire
CH8 7RD

Company Secretary

A Hall
(Contact via the Registered Office)

Bankers

HSBC Bank plc
94 Whitby Road
Ellesmere Port
Cheshire
CH65 0AE

Solicitors

174 Law
Solicitors
68 Whetstone Lane
Birkenhead
CH41 2TF

British Sub-Aqua Club

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The Members of Council present their annual report on the affairs of the British Sub-Aqua Club together with the financial statements and auditors' report, for the year ended 31st December 2006.

Operating and Financial review

National Diving Committee

The National Diving Committee (NDC) under the direction of the National Diving Officer has been working on a wide range of projects to keep the Club at the forefront of recreational diving.

Launched in November 2005, BSAC Centres provide a workable system for delivering diver and seamanship training in the commercial sector. Through recognised BSAC Centres training is available for all grades, and can include skill development courses, technical diving courses, rebreather courses, gas blending and seamanship courses. Members now have more choice when sourcing their training as there are now more than 200 BSAC Centres registered in the UK and locations overseas.

Following a review of the Resuscitation Council (UK) Guidelines 2005, and other relevant documents, the BSAC Rescue Skills Chief Examiner and the National Diving Committee published revised 'BSAC Basic Life Support Guidelines 2006' for the benefit of members. These revised guidelines have now been incorporated into the Diver Training Programme.

At the Diving Officer's Conference 2006, the National Diving Officer announced a significant revision to the Diver Training Programme (DTP). Five years after the last update, 'DTP 2007' made a number of changes which included the introduction of basic nitrox training into Ocean Diver and Sports Diver. This new DTP has been made available on CD-Rom to BSAC members.

The Diving Officer's Conference also saw the launch of four new BSAC Mixed Gas courses for both open circuit and rebreather divers. The BSAC now offers a full suite of technical diver training courses. This year's conference received generous sponsorship and support from Dive Master Insurance.

During 2006, NDC published our latest book 'The Diving Instructor's Manual', to complement existing Instructor Training Scheme material. This comprehensive manual covers every aspect of effective instruction from starting teaching through to developing other instructors and is an invaluable guide and reference for all instructors. The book is included as part of the course material in the BSAC Instructor Foundation Course and available from the BSAC shop.

Environment and Underwater Heritage

British Sub-Aqua Club, as governing body for underwater activities in the United Kingdom, provided its response to the Marine Bill consultation document issued by the Department for Environment, Food and Rural Affairs (DEFRA). Our desire is to preserve the present state of our seas, its biodiversity and cultural heritage, for future generations.

BSAC supports the establishment of marine protected areas to help achieve this and wishes to raise awareness of the ways in which recreational divers can contribute to and benefit from the marine environment. BSAC has also formed a close alliance with the Marine Conservation Society and BSAC members will see the development of this relationship in 2007.

The club has also made submissions to the Department for Culture, Media and Sport (DCMS) regarding the preparations for a Heritage white paper

BSAC Travel Club

Divers looking for the best value diving holidays are frequently finding their way to our www.bsactravelclub.co.uk website in search of substantial discounts off holiday brochure

prices. Now at the end of its second year BSAC's Preferred Travel Partner (PTP) scheme went through a major review to improve the range of destinations and discounts available. Dive Worldwide, Regaldive, Crystal Holidays, Touchdown Collection, Tony Blackhurst Scuba and Cubanacan are all part of the scheme that offers BSAC members special discounts on holiday bookings from very different diving holiday companies. Members who register receive updates through the BSAC Traveller newsletter on the special discounts available from our partners.

Branch Initiatives

In 2006, the annual Try! Dive format was developed further as a national campaign to encourage non-divers to visit their local BSAC branch for a try-dive experience, hear about the benefits of joining and to begin their diving adventures with the Club.

BSAC's Go! Dive event was held for the first time in July of this year aimed at attracting trained divers into the Club. Open to all branches, this event was an opportunity for members to entice family, friends, neighbours, co-workers and acquaintances back into the sport. We are grateful to all members and participating branches involved in supporting these popular campaigns, which were made possible with the generous sponsorship and support received from WowPhilippines.

Project Neptune

Launched in October 2005 Project Neptune continued to be the major development for the Club in 2006 with the core database elements going live in March. Representing a significant investment of resources the system will provide BSAC with a fully integrated Membership Relationship Management system that replaced aging membership databases at HQ.

Our aim remains unchanged in offering members a more efficient and effective service. With Project Neptune in place, we will be able to communicate in a more direct and targeted manner and keep members updated about specific areas of interest concerning BSAC's activities. Our HQ service will be more efficient with member records easier to update and maintain. From October 2006, members can now use direct debit to pay their annual BSAC subscriptions, and in due course we will be able to offer online servicing of branch membership records.

The multi-phase implementation has progressed well with an increasing number of modules added. Phase 1 covered the main relationship management system and membership module, and went live in March 2006 with additional phase 2 modules following. The complexity of this system has presented new challenges that are addressed by HQ staff with an enthusiasm and determination to keep moving the project forward. Project Neptune remains generally on track to deliver planned benefits from 2007 onwards.

Website

During 2006, BSAC commissioned a redesign of the member's website www.bsac.org. In conjunction with Chameleon Studios, a completely fresh approach was applied to the main BSAC website for members. This included incorporating a Content Management System (CMS) to give access to page editing facilities so HQ staff and volunteers can update the site simply and efficiently, providing members with current information and continuously developing content.

A new 'Diving Safety' section was also launched on our website to consolidate existing advice and resources on diving safety. Gathering this important information together for easier access is one of many ways BSAC is helping to improve diver safety. By registering with our mailing list service, members can receive editions of BSAC Talk. These monthly bulletins provide safety updates and 'Safety Talk' articles, details of new member services and benefits along with important changes taking place within BSAC.

The 2006 AGM

Heinke Trophy winners Leicester Underwater Exploration Club hosted the Clubs 52nd Annual General Meeting in May 2006. This award was made to the branch judged to have done the most to further the interests of its members and those of the BSAC. Leicester Underwater

Exploration Club are to be congratulated for organising a highly successful AGM. Council looks forward to the forthcoming 2007 AGM hosted by Totnes Sub Aqua Club, as current Heinke Trophy winners.

Financial Performance

Membership numbers and income have continued to show a gradual decline in 2006. This represents a continuation of membership trends from previous years and reflects a general weakness experienced elsewhere within the industry.

Income from operational activities was down 2.4% (£56k) at £2.25 million. Membership subscriptions, the main source of income for the Club, were down 2.3% (£31k) to £1.31 million. Retail sales from the BSAC shop, exhibitions and events were subdued with income lower by £19k. Overseas royalty income was also reduced slightly by £6k.

Throughout the year levels of expenditure were reviewed and particular attention paid to constraining expenses and overhead costs anticipating a continued fall in income. One area reviewed was the cost of looking after and servicing our members. Here we achieved savings of £74k, including a reduction in our members' insurance premium.

In October 2005, BSAC launched Project Neptune, this project represented a major investment by the Club in the membership support infrastructure. The programme of work continued into 2006 with the value of project expenditure for the year estimated at £58k. It is the Club's policy to write off development expenditure in the year it is incurred so reported expenditure has increased by this amount. Overall, operational expenditure for the year was down 5.7% (£136k) at £2.25 million.

Cash in the period increased by £47k and raised our net cash position to £130k. Our working capital position was reduced by £3k.

During the year, there were no changes in accounting policy. Details of our accounting policies are described in the notes to the financial statements under Note 1.

Reported performance of the British Sub-Aqua Club on ordinary activities and after taxation for the year to 31st December 2006 was an overall surplus of £32k, and compares with a surplus of £29k in 2005.

Financial summary

As at 31-Dec-06	2006	2005
Subscriptions	£ 1,309k	£ 1,340k
Members	34,351	35,235
Income	£ 2,255k	£ 2,310k
Expenditure	£ 2,245k	£ 2,382k
Operating Surplus (Deficit)	£ 10k	£ (71)k
Surplus (Deficit) on Ordinary Activities	£ 32k	£ 29k
Working Capital + (-)	£ (3)k	£ 64k
Net Cash at year-end	£ 130k	£ 83k

Outlook

The British Sub-Aqua Club, as the Governing Body for Sport Diving in the UK, can play a key role within the industry. With the implementation of Project Neptune we will be able to establish closer and more meaningful relationships with our members and branches. A deeper understanding of our members will assist in identifying interests, trends and

preferences, around which we can focus efforts to retain, acquire and develop our membership.

The British Sub-Aqua Club experiences the same pressures and influences as elsewhere. Market conditions are likewise reflected in a falling membership trend, which in turn impacts on our income and expenditure. The needs of divers are changing and Council are focused on meeting the challenge.

Our budgets for 2007 reflect our not-for-profit status and have been prepared on a conservative basis, predicting a continuing decline in membership with persistent volume and inflationary pressures on expenditure.

The British Sub-Aqua Club is a club for all divers and to be regarded as the best diving club in the world underpins our strategies for the future.

The Club's success is due to a tremendous amount of hard work on the part of many people: all those members who contribute in our branches, our Regional Coaches, members of the Instructor Training Scheme, the National Diving Committee, our staff at HQ, and the Members of Council, to ensure that the high standards we set ourselves are delivered. Council would like to thank them all and wish all BSAC Members everywhere, safe and adventurous diving during 2007.

Accountability and Audit

Financial reporting

BSAC operates a procedure for the development of annual operating budgets. During the final quarter of each financial year, a detailed budget is prepared for the following year. The budget is reviewed by Council before being adopted formally. Operating results are reported monthly and presented to Council for review. The results are compared to budget and the previous year, with full-year forecasts prepared and updated throughout the year.

Internal control

BSAC operates a system of internal control, which is maintained and reviewed in accordance with recommended best practice as applied to smaller companies by the Companies Act 1985. Council, which receives recommendations from the Audit Committee, is responsible for the group's system of internal controls and for reviewing their effectiveness. The system is designed to manage rather than eliminate the risks associated with achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Every year the accounts of BSAC are examined to ascertain the correctness of the income and expenditure account and balance sheet statements by a suitably qualified firm of Auditors. The external auditors review BSAC's accounts and supply information to Council on issues for their attention in their annual management letter. For 2006, no significant issues were identified concerning BSAC's system of internal controls.

Policies and procedures governing Head Quarters activities are set out and communicated in BSAC's Operations Manual. The application of these policies and procedures is monitored on a day-to-day basis by the Operations Manager.

Appointments and Members of Council

Council's complement consisted of 15 members at the start of the year. Following the retirement of John Pederson in July 2006 there were 14 members under the Chairmanship of Marcus Allen by the 31st December 2006.

Details of Council members who, whether under the Articles of Association of the Company or otherwise, offer themselves for re-election are set out in the notice of Annual General Meeting.

All members of Council are volunteers and as such receive no remuneration, and are required to submit themselves for re-election by members every three years. Their interests are those of an ordinary member.

The names of persons who, at any time during the financial year, were registered as directors of group companies are recorded as:

Members of Council		British Sub-Aqua Club	BSAC International Limited
M D Allen			
M F G Allen	Chairman		
A J Clarke			
D S Dixon			
D J Ellerby			
A Hall	Honorary Treasurer		
E Haynes			
R Healey			
K T Lawrence			
A J H Marshall	Vice Chairman		
A Moll			
C Peddie	National Diving Officer		
B J Pederson		Retired 31.7.06	Retired 31.7.06
A Reed			
M K Todd	Honorary Secretary		

Board effectiveness

Council is collectively responsible for promoting the success of the British Sub-Aqua Club by directing, supervising, developing and implementing policy and strategy, and is responsible to members for the group's financial and operational performance. Day-to-day management issues are delegated by Council to the Operations Manager.

For the year under review, Marcus Allen was Chairman during 2006, and as such is responsible for the leadership of Council. During 2006, Council met 5 times formally and held a number of smaller working group meetings throughout the year. All Members of Council are briefed on important developments in the various business activities and regularly receive monthly information concerning the group's operations, performance and finances.

Audit committee and auditors

Meetings of the Audit committee, of which there was one during 2006, were attended, by Ian Irvine, Chairman of the Committee, Ernie Crook, Harry Gould and Wendy Davies, and by invitation the Auditors, the Honorary Treasurer and the Operations Manager.

This year the work of the committee included:

- monitoring the integrity of the BSAC's financial statements and reviewing significant financial reporting decisions;
- reviewing internal system control activities;
- the review and recommendation to Council regarding the appointment of the external auditors and approval of their remuneration and terms of engagement; and
- monitoring the external auditors' independence, objectivity and effectiveness.

The terms of reference for the audit committee and the qualifications of members are available on request.

Report of Council

The members of council present their annual report, together with the financial statements of the company and the group for the year ended 31 December 2006 on pages eight to twenty one.

Principal Activity

The principal activities of the group in the year under review continued to be that of promoting underwater sport, exploration and science and related studies, to promote safety in those activities, to maintain the highest standards therein, to co-operate with related organisations, and to sustain recognition as the governing body for all such amateur activities.

Council

Council are the directors of the BS-AC, and details of the individuals and positions held since 1 January 2006 are included on page five of the report and accounts.

Audit Committee

A full list of the members of the committee is included on page five.

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom General Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the company, and the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Charitable Donations

There were no charitable donations made during the year.

Subsidiary Undertakings

The company has one wholly owned subsidiary, BSAC International Limited. The principal activities of this subsidiary are the promotion of BS-AC's systems and techniques of training in the UK and overseas markets, and the development of the BS-AC schools system.

Auditors

The auditors, Gardner Salisbury Ltd will be proposed for re-appointment, in accordance with section 385 of the Companies Act 1985.

Special Provisions Relating To Small Companies

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and groups.

By order of the Board 17 March 2007.

A Hall
Treasurer

M F G Allen
Chairman

Report of the Independent Auditors to the Members of the British Sub-Aqua Club

We have audited the financial statements of the British Sub-Aqua Club for the year ended 31 December 2006 on pages eight to twenty one. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

Respective Responsibilities of Elected Council Members and Auditors

The directors responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set on page 6.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if, in our opinion, the Report of Council is not consistent with the financial statements, if the company and the group has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

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

Basis of 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 elected council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group'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 the information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's and the group's affairs as at 31 December 2006 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Gardner Salisbury Limited
Chartered Accountants
Brynford House
Brynford Street
Holywell
Flintshire
CH8 7RD

17 March 2007

British Sub-Aqua Club
Annual Report and Accounts for the year ended 31 December 2006

Consolidated Income & Expenditure Account
For the Year to 31 December 2006

	Notes	2006 £	2005 £
Income			
Subscriptions		1,309,406	1,340,129
Retail sales, exhibitions & related events		541,628	560,861
Diver training/ Instructor courses		273,587	265,569
Overseas royalties & fees		69,833	76,206
Sponsorship & grant funding		20,000	20,000
Other income		41,083	48,694
		<u>2,255,537</u>	<u>2,311,459</u>
Expenditure			
Membership direct costs		(775,523)	(849,657)
Retail, exhibitions & related events		(339,288)	(364,973)
Diver training/ Instructor courses & development		(377,841)	(359,672)
HQ & other BS-AC administration costs		(643,903)	(693,514)
BSAC International & other overseas activities		(11,790)	(38,875)
Sponsorship & grant funding utilised		(20,000)	(20,000)
Other expenditure		(19,688)	(25,050)
Project Neptune expenditure		(57,788)	(30,000)
		<u>(2,245,821)</u>	<u>(2,381,741)</u>
Operating surplus/(deficit)	3	9,716	(70,282)
Exceptional overseas income	16	<u>28,544</u>	<u>148,630</u>
Surplus from ordinary activities before interest		38,260	78,348
Bank interest receivable		4,431	4,711
Bank interest payable		<u>-</u>	<u>-</u>
Surplus from ordinary activities before taxation		42,691	83,059
Taxation	5	(11,043)	(5,012)
Exceptional deferred taxation		<u>-</u>	<u>(48,723)</u>
Surplus/(deficit) from ordinary activities after taxation & transferred to reserves	10	<u><u>31,648</u></u>	<u><u>29,324</u></u>

The notes form part of the financial statements

British Sub-Aqua Club
Annual Report and Accounts for the year ended 31 December 2006

Consolidated Statement of Total Recognised Gains and Losses
For the Year to 31 December 2006

	Notes	2006 Group £	2005 Group £
Surplus for the financial year		31,648	29,324
Total recognised gains and losses relating to the year		31,648	29,324
Prior year adjustment	15	-	(212,904)
Total recognised gains and losses since last annual report		<u>31,648</u>	<u>(183,580)</u>

The notes form part of the financial statements

British Sub-Aqua Club
Annual Report and Accounts for the year ended 31 December 2006

Consolidated Balance Sheet
As at 31 December 2006

	Notes	2006		2005	
		Group £	Company £	Group £	Company £
<u>Fixed assets</u>					
Tangible fixed assets	6	431,976	431,976	443,083	443,083
Investments	7	8	10	8	10
		431,984	431,986	443,091	443,093
<u>Current assets</u>					
Stocks		173,948	173,948	206,205	206,205
Debtors	8	117,895	119,694	162,941	143,558
Cash at bank & in hand		129,740	-	82,667	27,765
		421,583	293,642	451,813	377,528
<u>Current liabilities</u>					
Creditors: Amounts falling due within one year	9	(706,638)	(689,193)	(779,623)	(792,364)
Net current liabilities		(285,055)	(395,551)	(327,810)	(414,836)
Net assets		146,929	36,435	115,281	28,257
<u>Funded by Reserves:</u>					
Income & expenditure reserve	10	33,266	(77,228)	1,618	(85,406)
Revaluation reserve	13	113,663	113,663	113,663	113,663
Accumulated fund	11	146,929	36,435	115,281	28,257

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and groups and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by Council on 17 March 2007 and signed on its behalf by:

MFG Allen
Chairman

A Hall
Honorary Treasurer

British Sub-Aqua Club
Annual Report and Accounts for the year ended 31 December 2006

Cash Flow Statement
for the year ended 31 December 2006

	Cashflow Notes	£	2006 £	£	2005 £
Net cash inflow from operating activities	1		26,835		18,705
Returns on investments and servicing of finance	2		4,431		4,711
Taxation			(4,766)		(11,605)
Capital expenditure	2		(8,581)		(20,458)
Increase/(Decrease) in cash in the period			<u>17,919</u>		<u>(8,647)</u>

The notes form part of these financial statements

**Notes to the cash flow statement
for the year ended 31 December 2006**

**1. Reconciliation of operating surplus to net cash inflow
from operating activities**

	2006	2005
	£	£
Operating surplus/ (deficit)	9,716	(70,282)
Exceptional overseas income	28,544	148,630
Depreciation charges	19,859	25,050
Profit on disposal of fixed assets	(171)	-
(Increase)/Decrease in stocks	32,257	21,116
Decrease/(Increase) in debtors	45,046	35,875
Increase/(Decrease) in creditors	(108,416)	(141,684)
Net cash inflow from operating activities	26,835	18,705

2. Analysis of cash flows for headings netted in the cash flow statement

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	4,431	4,711
Interest paid	-	-
Net cash outflow for returns on investments and servicing of finance	4,431	4,711
Capital expenditure		
Receipts from sales of tangible fixed assets	770	-
Payments to acquire tangible fixed assets	(9,351)	(20,458)
Net cash inflow/(outflow) for capital expenditure and financial investment	(8,581)	(20,458)

British Sub-Aqua Club
Annual Report and Accounts for the year ended 31 December 2006

**Notes to the cash flow statement
for the year ended 31 December 2006**

3. Reconciliation of net cashflow to movement in net funds

	At 1.1.06	Cash flow	Other non-cash changes	At 31.12.06
	£	£	£	£
Net cash:				
Cash at bank and in hand	82,667	17,919	-	100,586
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>82,667</u>	<u>17,919</u>	<u>-</u>	<u>100,586</u>

Notes to the financial statements

1. Accounting Policies

{a} Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The group financial statements consolidate those of the holding company, the British Sub-Aqua Club, and its wholly owned subsidiary, BSAC International Limited.

In accordance with the exemption granted by Section 230 of the Companies Act 1985, no separate income and expenditure account is presented for the parent company. The surplus for the company was £8,178.

The financial statements have been prepared on a going concern basis.

{b} Subscriptions

Subscriptions received in advance of performance are reflected as an obligation in the balance sheet and released to the profit and loss account over the period to which the subscriber relates.

{c} Tangible Fixed Assets

Long leasehold properties are stated at cost or valuation where relevant

All other fixed assets are stated at cost.

All long leasehold properties are externally valued at least every five years subsequent to acquisition. In the period between external valuations Council review the value of the properties. Any impairment in the value of a long leasehold property is recognised in the income and expenditure account.

Computer Equipment:	25%	straight line
Motor Vehicles:	25%	reducing balance
Fixtures & Fittings:	15-33%	straight line

{d} Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

{e} Foreign Currency Translation

Foreign currency assets and liabilities are translated at the rate of exchange ruling at the balance sheet date and any gain or loss arising on exchange is included in the income and expenditure account. Income and expenditure transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of receipt or payment.

{f} Leased Assets

Rentals paid under operating leases are charged to the profit and loss account when incurred

Notes to the financial statements continued

{g} Development Costs

Research and development expenses are charged to the income and expenditure account in the year in which they are incurred.

{h} Pension Contributions

The group operates a defined contributions pension scheme. Contributions payable are charged to the income and expenditure account in the year to which they relate.

{i} Campaign Sponsorship & Grant Funding

Income is accounted for within the income & expenditure account in the year of receipt.

2. The Status of the Company and BS-AC Branches

The company is limited by guarantee without share capital. The Council members control the activities of the Company. Under the terms of the Memorandum and Articles of Association, the liability of the members is limited and every member undertakes to contribute to the assets of the Company in the event of a winding up an amount not greater than £1.

As at 31 December 2006, there were 34,351 members (2005: 35,235).

3. Operating Surplus

The following items have been charged/(credited) in calculating the operating surplus:

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Auditor's remuneration	12,000	9,000	12,200	9,200
Directors emoluments	-	-	-	-
Depreciation	19,859	19,859	25,050	25,050
Profit on disposal of fixed assets	<u>(171)</u>	<u>(171)</u>	<u>-</u>	<u>-</u>

Notes to the financial statements continued

4. Staff Costs

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Salaries	452,724	452,724	454,479	454,479
Social security costs	44,969	44,969	43,919	43,919
Pension costs	14,191	14,191	14,243	14,243
	<u>511,884</u>	<u>511,884</u>	<u>512,641</u>	<u>512,641</u>

The average number of employees of the group during the year was 21 (2005: 23).

The Members of Council, as directors, did not receive any remuneration for their services in that elected capacity, except reimbursed expenses as detailed in note 17.

5. Taxation

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
UK Corporation Tax:				
Current year provision	11,043	5,304	5,012	5,012
Total overseas tax	878	878	1,124	1,124
Relief for overseas tax	(878)	(878)	(1,124)	(1,124)
Movement on deferred tax provision	-	-	48,723	-
	<u>11,043</u>	<u>5,304</u>	<u>53,735</u>	<u>5,012</u>

Included in the taxation charge for 2005 is an adjustment to deferred taxation which relates to the cancellation of a ten year licence agreement with BSAC Japan.

Notes to the financial statements continued

6. Tangible Fixed Assets

	Long Leasehold Premises £	Computer Equipment £	Motor Vehicles £	Fixtures & Fittings £	Total £
Cost or valuation					
At 1 January 2006	400,000	82,201	6,500	159,333	648,034
Additions	-	3,202	-	6,149	9,351
Disposals	-	(770)	-	-	(770)
At 31 December 2006	<u>400,000</u>	<u>84,633</u>	<u>6,500</u>	<u>165,482</u>	<u>656,615</u>
Depreciation					
At 1 January 2006	-	52,455	2,438	150,058	204,951
Charge for the year	-	15,753	1,625	2,481	19,859
Eliminated on disposals	-	(171)	-	-	(171)
At 31 December 2006	<u>-</u>	<u>68,037</u>	<u>4,063</u>	<u>152,539</u>	<u>224,639</u>
Net book value					
At 31 December 2006	<u>400,000</u>	<u>16,596</u>	<u>2,437</u>	<u>12,943</u>	<u>431,976</u>
At 31 December 2005	<u>400,000</u>	<u>29,746</u>	<u>4,062</u>	<u>9,275</u>	<u>443,083</u>

A grant of £125,000 was received from the English Sports Council in 1991 and was netted off against the initial purchase price of the long leasehold property. The grant is deemed by the English Sports Council to be amortised over 21 years. In the event of the long leasehold property being sold, any unamortised element of the £125,000 grant would become repayable to the Sports Council. The contingent liability at 31 December 2006 is £33,236 (2005: £39,188).

The long leasehold property was valued by Beresford Adams Commercial on 2nd December 2003 on an open market basis as office accommodation at £400,000.

The historical cost of this property at the balance sheet date is £362,588.

The property is subject to a leasehold period of 125 years and was initially purchased in 1989. The lease will expire in 2114.

Notes to the financial statements continued

7. Investments

	Group	Company
	£	£
At 1 January & 31 December 2006:		
Shares in subsidiary undertakings	-	2
Unlisted investments at cost	8	8
	8	10

The unlisted investment at 31 December 2006 is 15% of the ordinary share capital of Telford's Quay Management Company Limited.

The investment in subsidiary undertakings at 31 December 2006 represents 100% of the ordinary issued share capital of BSAC International Limited.

8. Debtors - Amounts falling due within one year

	2006	2006	2005	2005
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	10,719	9,010	16,661	12,963
VAT	16,002	16,002	33,258	33,258
Prepayments	62,958	62,958	88,787	88,787
Accrued income	28,216	14,036	24,235	8,550
Due from subsidiary undertaking	-	17,688	-	-
	117,895	119,694	162,941	143,558

Notes to the financial statements continued

9. Creditors

Amounts falling due within one year

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Bank loans and overdrafts	29,154	29,154	-	-
Trade creditors	147,863	147,613	221,859	215,071
Due to subsidiary undertaking	-	-	-	30,680
Corporation tax	10,165	4,426	3,888	3,888
Taxation & social security	17,715	17,715	25,500	25,500
General accruals	12,000	9,000	27,073	22,573
Deferred course income	16,032	16,032	20,088	20,087
Deferred membership income	465,253	465,253	474,565	474,565
Deferred school fees	8,456	-	6,650	-
	<u>706,638</u>	<u>689,193</u>	<u>779,623</u>	<u>792,364</u>

Included in taxation & social security are pension contributions outstanding of £0 (2005: £0).

Secured debts

The following secured debts are included within creditors:

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Bank overdraft	29,154	29,154	-	-
	<u>29,154</u>	<u>29,154</u>	<u>-</u>	<u>-</u>

The bank facilities are secured by a debenture over the assets of the group.

Notes to the financial statements continued

10. Income & expenditure reserve

	Note	2006 Group £	2006 Company £
Accumulated Fund			
As at 1 January 2006		1,618	(85,406)
Retained surplus/(deficit) for year		31,648	8,178
Surplus carried forward		<u>33,266</u>	<u>(77,228)</u>

11. Reconciliation of Movements in Members' Funds

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Opening Members' funds	115,281	28,257	85,957	132,243
Surplus/(deficit) for the financial year	31,648	8,178	29,324	(103,986)
Closing Members' funds	<u>146,929</u>	<u>36,435</u>	<u>115,281</u>	<u>28,257</u>

12. Operating Lease Commitments

The following payments are committed to be paid:

	2006 Group £	2006 Company £	2005 Group £	2005 Company £
Expiring:				
Within one year	5,977	5,977	14,960	14,960
Between two & five years	2,160	2,160	11,237	11,237
Total lease commitments	<u>8,137</u>	<u>8,137</u>	<u>26,197</u>	<u>26,197</u>

13. Revaluation Reserve

	Group £	Company £
Revaluation reserve brought forward	113,663	113,663
Revaluation reserve increase/(decrease)	-	-
Revaluation reserve carried forward	<u>113,663</u>	<u>113,663</u>

Notes to the financial statements continued

14. Guarantees and Financial Commitments

At the year end the company has a contractual commitment with regard to the publication of Dive Magazine. The terms of the contract provide for its termination with nine months notice in writing by either party. Should such notice not be given a contractual payment by the company would be due of £117,450 (2005:117,450).

15. Prior year adjustment

The prior year adjustment in 2005 was made to reflect a change in accounting policy relation to subscription income.

16. Exceptional overseas income

The income in 2006 relates to a donation received from BSAC Japan towards the cost of Project Neptune. The income in the prior year related to a cancelled ten year licence agreement with BSAC Japan.

17. Details of Directors' and Vice Presidents' Expenses

The directors had no beneficial interest in the share capital of the company.

This note details the individual Directors' net expenses for the financial year of 2006 during the time served as a Director of BS-AC and BSAC International Limited as appropriate. It also details individual Vice Presidents' expenses.

As some, if not most, are also involved in other activities and hold other positions as a volunteer, on behalf of the club, the total value is not directly attributable to Council business alone.

Name	Amount £	Name	Amount £
M D Allen	117	E Haynes	1,213
M F G Allen	3,023	R Healey	2,657
Dr J Betts	333	I A N Irvine	-
A J Clarke	572	K T Lawrence	-
E F Crook	278	A J H Marshall	3,172
D S Dixon	891	A Moll	2,065
D Ellerby	2,746	C Peddie	3,333
H Gould	-	A Reed	1,543
A Hall	1,076	M K Todd	179

British Sub-Aqua Club
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BS-AC President

HRH The Prince of Wales KG KT PC GCB 1974 - present

Past Presidents

HRH The Prince Philip, Duke of Edinburgh KG KT 1960 - 1963
The Earl Granville MC 1964 - 1966
* Lord Wakefield of Kendal 1967 - 1970
* Lord Ritchie - Calder of Balmashannar 1971 - 1974

Life Vice-President

* N Oscar Gugen (Founder)
H Gould OBE JP BA DL FCA

**Vice-Presidents - in order of appointment
Past and Present**

* Major Sir Patrick Wall MC MP
* Sir John Wedgwood
* N Oscar Gugen
* Colin H McLeod
* Surgeon Rear-Admiral Stanley Miles CB
H Gould OBE JP BA DL FCA
* Alexander Flinder MBE
* D M F Cockbill
Dr J Betts
Kendal McDonald
Dr N C Flemming OBE
M K Todd
E F Crook
I A N Irvine

* Deceased

**BS-AC Honorary Life Members - in order of appointment
Past and Present**

- * Commander Jimmy Hodges RN
- * Captain Jacques Yves Cousteau
- * Peter Small
 - Dr Hans Hass
 - Dr Edwin Link
- * Commander W Shelford RN
- * Sir George Deacon CBE
 - HRH The Prince Philip, Duke of Edinburgh KG KT
- * Oscar Gugen (Founder)
 - G F Brookes
- * Colin McLeod
- * The Earl Mountbatten of Burma
- * Major Hume Wallace
- * Lord Wakefield of Kendal
- * Lord Ritchie-Calder of Balmashannar
- * C D Balaam
- * Dr D Boyd
- * A Ridout
 - Lt Cdr Jackie Warner DSC OBE
 - Lt Cdr Matthew Todd MBE
 - H Gould OBE JP BA DL FCA
 - Sir Arthur C Clarke
 - Phil Rogers
 - Vane Ivanovic
- * Surgeon Rear-Admiral Stanley Miles CB
 - Fred Briscoe
 - F D Leete III
 - Dr David Bellamy
 - J B Meredith
 - Surgeon Vice-Admiral Sir John Rawlins KBE
- * D M F Cockbill
 - E F Crook
 - W Burdett
 - M F Busuttilli
 - J Myers
 - M K Todd
- * Lionel Blandford
 - HRH Sheikh Hamad bin Khalifa al-Thani KCMG
 - Lady Philippa Scott
- * Stanley Thomas
 - Jim Corry
 - Alan Forster
 - M Holbrook
 - Margot Parker
 - Dr Sylvia Earle
 - Lotte Hass
 - Jerry Hazzard
 - I A N Irvine
 - N Hashitani
 - S Hosokawa

* Deceased