

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 2007. The group position reported is for BSAC and BSAC International Ltd, the Company position reported is for BSAC only.

Operating and Financial review

National Diving Committee

In 2007, there was a change of National Diving Officer (NDO). Claire Peddie stepped down after successfully completing her 3-year term and Sean Gribben took on the role as head of the National Diving Committee (NDC). The responsibilities of the new NDO remain the same and during this period the NDC continued to work constructively on a wide range of projects in the areas of diver training, snorkel training, instructor training, technical diving and communications that keep the Club at the forefront of recreational diving.

Five years since the last update, a significant revision to the Diver Training (DTP2007) was released in January. DTP2007 made a significant number of changes, including the integration of Nitrox32 and Nitrox36 into the Ocean and Sports Diver grades. To support this new programme an instructor resources CD-ROM was produced that includes instructor notes, classroom visual aids and theory assessment documentation. Updated student workbooks and instructor prompt cards were also made available.

Skill Development Courses that were released or updated in 2007 included Sport Mixed Gas Diver and Advanced Mixed Gas Diver, Ice Diving, Gas Mixer & Blender, Snorkel Lifesaver & Advanced Snorkel Lifesaver Awards, Scuba Lifesaver & Scuba Advanced Lifesaver Awards and Automated External Defibrillators (AED) Courses. A new Skill Development Course announced at DOC 2007, and available from January 2008, was the Wreck Appreciation Course.

BSAC Centres continue to provide a workable system for delivering diver, seamanship and technical 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 opportunities than ever to supplement their branch training by completing a course and their qualifications. By the end of 2007 there were 301 BSAC Centres registered in the UK and locations overseas.

The Diving Officers Conference 2007 received generous sponsorship and support from Scubapro, Dive magazine, Ambient Pressure Diving, Spa PR and Goodform. This year's programme took the 'Diving for Divers' theme, providing attendees with all the latest updates and information on future developments for BSAC and diving generally. In response to demand from delegates attending previous DOC events, the conference was concluded with a sell-out Awards Dinner held at the Russell Hotel.

Environmental and Underwater Heritage

The British Sub-Aqua Club, as governing body for recreational scuba diving and snorkelling in the United Kingdom, has joined forces with the Marine Conservation Society (MCS) to support their 'Marine Reserves Now!' campaign to create marine reserves in the UK. Launched at LIDS 2007, as a joint response to the Marine Bill consultation process issued by the Department for Environment, Food and Rural Affairs (DEFRA), both the MCS and BSAC believe that this bill must establish highly protected marine areas to preserve for future generations the present state of our seas, its biodiversity and cultural heritage. To vote in favour of 'Marine Reserves Now!' please go to www.marinereservesnow.org.uk.

BSAC Travel

Now in its third year of operation BSAC's Preferred Travel Partner (PTP) scheme continues to offer a range of destinations and discounts available. Dive Worldwide, Regaldiver, Crystal Holidays, Tony Blackhurst Scuba and Cubanacan all offer special discounts on holiday bookings from very different diving holiday companies. 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. BSAC members can benefit from a range of offers such as 10% off all Crystal Dive diving holidays and dive packages.

BSAC International

Over the years, the British Sub-Aqua Club has been involved in many leading edge projects and 2007 was no different. In January, BSAC Korea was selected by the Korean Aerospace Research Institute to train its eight astronaut candidates to scuba dive, as part of their astronaut training program is conducted underwater. In competition with two other diving agencies BSAC was selected by the authorities from the Russian Gagarin Space Centre as the most suitable agency for this project. On completing their diver training, the eight astronaut candidates travelled to Russia to undergo their space training. Ultimately, two of these will then be chosen for the August 2008 mission to the International Space Station. Asian TV has already covered the British Sub-Aqua Club story widely, but when these astronauts go into space their training gear and space suits all show BSAC logo patches and they will be taking the name of BSAC into space for the first time.

Branch Initiatives

In 2007, the annual Try!Dive was organised as a national campaign that encourages non-divers to visit their local BSAC branch for a try-dive experience, to hear about the benefits of joining and to begin their diving adventures with the Club. To attract trained divers into the Club, BSAC's Go!Dive event was held this year for the second time. Open to all branches, this event was an opportunity for members to entice family, friends, neighbours, co-workers and acquaintances back into the sport. These campaigns generated some excellent local, regional and national press coverage and further raises the profile of diving with the British Sub-Aqua Club. We are again most grateful to all members and participating branches involved in supporting these popular campaigns, made possible with the generous sponsorship and support received from WowPhilippines.

An exciting and well received development for the Club in 2007 was launch of a brand new 'Go Diving UK' DVD showcasing the very best in diving around the UK. From wrecks in Scotland to basking sharks in Cornwall, the DVD highlights the varied diving experience on offer in the UK, and inspires divers of all levels to make the most of our own unique shores. Produced by BBC journalist and underwater cameraman John McIntyre and sponsored by Dive Master Insurance, 'Go Diving UK' featured some truly amazing footage of Britain's diverse underwater heritage. 'Go Diving UK' supports our membership campaigns and in particular Go!Dive, which is aimed at experienced divers who are looking to get back in the water, and is available to all BSAC branches, participants of Go!Dive and Try!Dive campaigns. The DVD is of interest to anyone wishing to find out more about BSAC and diving in the UK.

BSAC Snorkel Instructor Trainers attended the Scouts 2007 Reunion event to promote new links between Scouting and BSAC snorkelling. Scout leaders were encouraged to train as Snorkel Instructors, and it was explained to them how to foster links with local BSAC branches.

Sport England - Clubmark

BSAC received in November its Clubmark licence from Sport England, and became the 27th Governing Body to be accredited by the scheme. Sport England's Clubmark recognises the achievements of sport clubs in England in developing high quality and welcoming environments for young people. For branches, Clubmark is an excellent way of demonstrating that individual clubs are welcoming to young members, provide excellent support, maintain high quality standards and adhere to welfare and equity policies. With the Clubmark licence now in place, the scheme is available to other BSAC branches seeking accreditation.

European Underwater Federation Accreditation

The British Sub-Aqua Club has been awarded, following a three-day audit by the European Underwater Federation (EUF), European certification for its Ocean Diver and Dive leader

qualifications as well as the Open Water Instructor qualification. The audit involved the inspection of Headquarters' processes along with BSAC branch training and the BSAC Instructor Training Scheme events. The inspectors observed branch lectures and pool training activities at Merseyside Branch 5 and an Instructor Foundation Course in Liverpool. The auditors then observed an Open Water Instructor course and branch-run Ocean Diver and Dive Leader open water training at Eccleston Delph Dive Centre. The benefits to our members will be that these diver and instructor qualifications are recognised in all EU countries under the European standard and worldwide as an ISO standard.

Project Neptune

Project Neptune continued to be at the core of member development activity in 2007. Representing a significant investment of resources, the system provides HQ with a fully integrated Member Relationship Management system. With Neptune in place, we are now 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 is improving with member records easier to update and maintain.

One of the early benefits arising from Neptune was the use of Direct Debit as a method to collect BSAC subscriptions. Following its introduction, increasing numbers of members now use Direct Debit as the preferred method to pay their annual membership fee, and feasibility work is underway to consider the collection of a member's branch levy as well as their BSAC subscription. Survey results show that the majority of branches consulted have expressed an interest in this as either a monthly or annual payment option. Consequently, a monthly instalment scheme pilot with 14 volunteer branches will run for six months from January 2008.

BSAC Branding

During the year, we asked members their views on ways to develop the BSAC brand so that it continued to reflect the values of the Club and its members. The results obtained from this consultation were significant. Feedback highlighted that while the Neptune image remained popular members felt that he was looking a little old fashioned, the BSAC logo as a whole needed modernising and a new organisation wide strap line introduced.

In recognition of members' feedback, the BSAC logo was redesigned in a new typeface with a smaller Neptune. A new strap line 'Diving for divers' has been added to better reflect our core values - what we are about and who we serve. Brand guidelines are in place and available on the web to ensure the refreshed logo and image are applied consistently and effectively. As a members organisation, we are committed to making the implementation of these brand guidelines as smooth and cost-effective as possible.

The 2007 AGM

Heinke Trophy winners Totnes Sub Aqua Club hosted the Clubs 53rd Annual General Meeting in May 2007. 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. Winners for 2006 Totnes Sub Aqua Club are to be congratulated for organising a highly successful AGM. Council looks forward to the forthcoming 2008 AGM hosted by Darwen SAC, as Heinke Trophy winners for 2007.

Financial Performance

Membership numbers and membership income figures for 2007 showed a marginal improvement on 2006 results. Reported performance of the British Sub-Aqua Club on operating activities for the year to 31st December 2007 was an overall surplus of £15k, and compares with a surplus of £10k in 2006.

Income from operational activities was up marginally 0.9% (£21k) at £2.27 million. Membership subscriptions, the main source of income for the Club, were up 1.7% (£23k) to £1.33 million arising from an increase in base membership over the year. The integration of Nitrox32 and Nitrox36 into core training for the Ocean and Sports Diver grades, coupled with a fall in overseas courses income contributed to a £38k reduction in Diver training / Instructor course income. Retail sales from the BSAC shop, exhibitions and events were flat with

income up by £4k. Overseas income was higher by £11k with improved income from Centres. The additional sponsorship income was provided by Dive Master to support the 'Go Dive UK' DVD project.

Overall, operational expenditure for the year was marginally higher by 0.7% (£16k) at £2.26 million. Membership direct costs fell in total by £51k (6.6%). A major benefit to members is our third party liability cover, and for 2007 the cost of providing this cover fell significantly. Part of this saving was used to absorb pressure on expenditure elsewhere rather than pass these onto members as an inflationary increase on Subscriptions. Expenditure on Corporate Snorkelling activity was above that of the previous year and contributed to the increase shown against Diver Training/Instructor Courses & Development.

The Operational Review describes the more significant and exciting developments that have taken place in 2007. Activity and resource expenditure made in support of these initiatives are up on the previous year by £78k (12%) and recorded against HQ and other BSAC administrative costs. Some of these developments are one-time activities such as EUF Accreditation, 'Go Dive UK' DVD, BSAC Branding and others have recurring activity, such as supporting Clubmark and Project Neptune. Throughout the year levels of expenditure are reviewed and particular attention paid to constraining expenses and overhead costs anticipating a continued fall in income and inflationary pressure.

Cash in the period increased by £36k and raised our net cash position to £137k.

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.

Financial summary

As at 31-Dec-07	2007	2006
Subscriptions	£ 1,332k	£ 1,309k
Members	35,125	34,351
Income	£ 2,276k	£ 2,255k
Expenditure	£ 2,261k	£ 2,245k
Operating Surplus (Deficit)	£ 15k	£ 10k
Surplus (Deficit) on Ordinary Activities	£ 15k	£ 32k
Net Cash at year-end	£ 137k	£ 101k

Outlook

The traditional description of a UK Diver, and likely member of the British Sub-Aqua Club, has shifted. Individuals now take up diving as one of a range of activities experienced for a short period of time before moving on to something else. New divers often take to the water for the first time abroad and are less inclined to continue when faced with conditions in UK waters.

As Governing Body for Sport Diving in the UK, the British Sub-Aqua Club can play a key role within the diving industry. BSAC actively supports cross-industry initiatives that aim to develop our sport and work with other training agencies and trade associations to promote UK diving. We also take the initiative promoting UK diving and encouraging participation as demonstrated by the 'Go Diving UK' DVD and regular membership campaigns. With Project Neptune in place we are 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.

BSAC experiences the same pressures and influences as elsewhere. Market conditions are likewise reflected in a falling membership trend, which in turn impacts our income and expenditure. The needs of divers have changed and Council are focused on meeting the challenge this opportunity provides.

Our budgets for 2008 are prepared on a conservative basis, predicting falls in membership with continued volume and inflationary pressures on expenditure. A corresponding increase in subscriptions is included for 2008, and in the future a year on year inflationary increase should be expected as a minimum. The tightening of financial markets experienced during the summer of 2007 is expected to have a knock-on effect in 2008 and beyond impacting membership income and other areas of expenditure such as insurance premiums.

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.

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, Gardner Salisbury Limited, review BSAC's accounts and supply information to Council on issues for their attention in their annual management letter. For 2007, no significant issues were identified concerning BSAC's system of internal controls.

Policies and procedures governing Headquarters 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 Chief Executive.

Appointments and Members of Council

Council's complement consisted of 14 members at the start of the year. Following the retirement of Claire Peddie, Anne Clarke, Keith Lawrence and Mike Todd and election of Sean Gribben, Rachel Sharp, Eugene Farrell, Alan Robinson and Don Quilliam in May 2007 there were 15 members under the Chairmanship of Marcus Allen by the 31st December 2007.

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 the group are recorded as:

Members of Council		British Sub-Aqua Club	BSAC International Limited
M F G Allen	Chairman		
A J H Marshall	Vice Chairman		
S Gribben	National Diving Officer	Appointed 19.5.07	Appointed 19.5.07
C Peddie	National Diving Officer	Retired 19.5.07	Retired 19.5.07
A Hall	Honorary Treasurer		
A Moll	Honorary Secretary	Appointed 19.5.07	Appointed 19.5.07
M K Todd	Honorary Secretary	Retired 19.5.07	Retired 19.5.07
M D Allen			
A J Clarke		Retired 19.5.07	Retired 19.5.07
D S Dixon			
D J Ellerby			
E Farrell		Appointed 19.5.07	Appointed 19.5.07
E Haynes			
R Healey			
K T Lawrence		Retired 19.5.07	Retired 19.5.07
D Quilliam		Appointed 19.5.07	Appointed 19.5.07
A Reed			
A Robinson		Appointed 19.5.07	Appointed 19.5.07
R Sharp		Appointed 19.5.07	Appointed 19.5.07

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 Chief Executive.

For the year under review, Marcus Allen was Chairman during 2007, and as such is responsible for the leadership of Council. During 2007, 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, during 2007, were attended, in whole or in part, by Ian Irvine, Ernie Crook, Harry Gould, Phil Harrison and Wendy Davies, and by invitation the Auditors, the Honorary Treasurer and the Chief Executive.

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.