Kingston Smith
Chartered Accountants

THE NORWEGIAN SCHOOL IN LONDON LIMITED
(Company Limited by Guarantee)

Charity Registration Number: 282358

Company Number: 1552721

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 JULY 2003

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The Norwegian School in London
(Company Limited by Guarantee)

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The Norwegian School in London
(Limited by Guarantee)

General Information and Professional Advisors

Registered Charity Number: 282358
Company Number: 1552721

Board of Governors
(as at 31st July 2003)
Tor Martin Anfinnsen
Nils Martin Gunneng
May Bente Aurstad

Secretary
Marit Brekke

Headteacher
Marit Brekke

Principal Address
28 Arterberry Road
Wimbledon
London SW20 8AH

Registered Office
28 Arterberry Road
Wimbledon
London SW20 8AH

Bankers
Royal Bank of Scotland PLC
62-63 Threadneedle Street
London
EC2R 8LA

Den Norske Bank
Kongensgate 18
0021 Oslo
Norway

Auditors
Kingston Smith
Chartered Accountants
Quadrant House
80-82 Regent Street
London W1B 5RP

The Norwegian School in London
(Limited by Guarantee)
Report of the Board of Governors

The Board of Governors have pleasure in presenting its annual report and the audited financial statements of the school for the year ended 31 July 2003.

Constitution
The Norwegian School in London was established on 25 March 1981 as a private company limited by guarantee (Company Number 1552721) and registered as a charity (Registered Number 282358). It is governed by its Memorandum and Articles of Association.

The principal object of the charity is to promote the advancement of education of Norwegian children in the United Kingdom.

Principal Activities
The aim of the school is to provide its pupils with good, constructive tutoring in accordance with the Norwegian educational regulations and curriculum in a secure environment. It acheives this through the combined efforts of teachers, pupils and parents.

The school provides education for children aged from three to sixteen years old, at its premises in Wimbledon, in accordance with Norwegian educational regulations and following the Norwegian educational curriculum.

The school is financed by grants from the Norwegian Government and fees levied in respect of pupils, as well as donations from parents and others connected with the school.

There have been no changes in the objects of the School or to its methods of pursuing them since last year.

Board of Governors
The following people served on the Board of Governors and as directors of the company during the year:

R. Bjørnson	(Appointed 17 October 2001)	(Resigned 4 April 2003)
N.M. Gunneng	(Appointed 17 October 2001)	
K. Vindenes	(Appointed 13 January 2002)	(Resigned 19 November 2002)
M.B. Aurstad	(Appointed 19 November 2002)	(Resigned 24 September 2003)
T.M. Anfinnsen	(Appointed 4 April 2003)	

None of the Governors received any remuneration or reimbursement of expenses during the year.

Review of Activities

Status August 2003
The School is run by the Board of Governors, which consists of three members: two appointed by the Norwegian Embassy in London and one elected from among the parents.

The School had 22 employees, full time and part time (the school: 10, the kindergarten: 8 and administration: 4)

Review of Activities (continued)

59 pupils attended the school (2002 - 62) and 32 children attended the kindergarten (2002 - 39)

The School's main target group is Norwegian families on shorter or longer stay in London, living in the Wimbledon area.

Strategies

At the beginning of the school year the Governors discussed challenges faced by the Norwegian School in London in its 22nd year in Arterberry Road. The following priorities were set:

1. Continue to develop the School in a visionary direction, with the focus on flexibility, being user-friendly and quality-minded.
2. Routines and jobs to be examined and further developed.
3. Possibilities for the U-school (grade 8-10) have been explored, and cooperation with The Swedish School in Barnes has been initialized.
4. The buildings to be examined in relation to the building plans.
5. Pedagogical research and development projects have been initiated on all levels, from kindergarten to 10th grade. The focus is on teaching and guiding each individual rather than the whole group/class.

Present situation

The pupils have flexible hours, with attendance required during a core period of the day. Teachers have teaching and office hours from 8a.m. to 3 p.m. Monday, Wednesday, Thursday and Friday and 8a.m. to 4p.m. Tuesday. Team leaders make up the leader team together with the head teacher and the head of accounts. The organisation has a matrix structure, where administration and financial responsibilties have been delegated to the team leaders.

Plans for the next phase of building improvement work have been made, and are awaiting planning permission.

New computers have been installed.

There is optimism in the organisation, and we are moving in the right direction.

Financial Review

Fees receivable increased by £30,951 (4.9%), and grants receivable increased by £46,518 (17.5%), leading to a 5.1% increase in total unrestricted income received. However certain cost savings were made, and the company made a net surplus on unrestricted funds of £152,897 (2002: £44,293).

The school undertook a major fundraising exercise to raise finance for the next phase of building improvement work. As a result of this, donations totalling £352,700 were received during the year, of which £25,664 has been spent. The balance has been carried forward in Restricted Funds and will be spent in the coming year.

The Governors wish to express their thanks to Statoil (UK) Limited, Gearbulk (UK) Limited and Wikborg Rein & Co for their generous donations towards this programme.

Risk Assessment

Risks to the business have been assessed, and the school has taken out Material Damage, All Risks and Business Interruption insurance, where increased cost of working and reduction in turnover is included.

Fixed Assets

Movements in fixed assets during the year are set out in note 6 to the accounts.

As stated in note 6 the Governors have assessed the value of the freehold buildings as comprising one fifth of the total original cost of acquiring the freehold property. All subsequent amounts capitalised as freehold property comprise freehold building costs.

In the opinion of the Board of Governors the market value of the freehold property is significantly in excess of the net book value of £826,807. A valuation made in Spring 1998 indicated that the value of the freehold property at that date was approximately £1 million.

Statement of Board of Governors' Responsibilities

Company law requires the Board of Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period.

In preparing those financial statements, the Board of Governors is 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 a going concern basis unless it is inappropriate to assume that the company will continue in business.

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

On behalf of the Board of Governors

.....

Nils Martin Gunneng
Governor

28 Arterberry Road
Wimbledon
London SW20 8AH

Date: 11-12-03

The Norwegian School in London
(Limited by Guarantee)
Independent Auditors' Report to the Members of The Norwegian School in London Limited

We have audited the financial statements of The Norwegian School in London Limited for the year ended 31 July 2003 which comprise the Statement of Financial Activities, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's members as a body, for our audit

Respective Responsibilities of the Board of Governors and Independent Auditors
As described in the Statement of the Board of Governors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statments in accordance with relevant legal regulatory requirements and United Kingdom Auditing Standards.

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 the Board of Governors is not consistent with the financial statements, if the 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 directors' remuneration and transactions with the company is not disclosed.

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

Basis of Audit Opinion
We conducted our audit in accordance with United Kingdom Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2003 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith

Kingston Smith
Chartered Accountants
and Registered Auditors

Quadrant House
80-82 Regent Street
London W1B 5RP

Date: 12-12-03

The Norwegian School in London
(Limited by Guarantee)
Statement of Financial Activities
for the year ended 31 July 2003

Income and Expenditure	Note	Unrestricted Funds	Restricted Funds	Total Funds 2003	Total Funds 2002
		£	£	£	£
Incoming resources					
Fees receivable	2	658,900	-	658,900	627,949
Grants receivable	2	312,514	-	312,514	265,996
Donations	2	450	352,700	353,150	185
School Shop	2	4,726	-	4,726	9,678
Other income	2	8,586	-	8,586	27,976
Bank interest received		17,839	-	17,839	7,408
Foreign exchange gains		5,879	-	5,879	20,664
Total income		1,008,894	352,700	1,361,594	959,856
Resources expended					
Direct charitable expenditure					
Staff costs	3	588,290	-	588,290	568,104
Educational supplies		50,488	-	50,488	58,060
Establishment costs		33,466	25,664	59,130	36,142
Other operating costs		40,792	-	40,792	117,960
Finance costs		13,015	-	13,015	19,806
Loss on disposal		1,508	-	1,508	-
Depreciation		26,511	18,830	45,341	39,469
		754,070	44,494	798,564	839,541
Management and administration of the Company					
Staff costs	3	130,660	-	130,660	90,851
Audit fee		4,250	-	4,250	4,000
		134,910	-	134,910	94,851
Total expenditure		888,980	44,494	933,474	934,392
Net movement of funds before transfers		119,914	308,206	428,120	25,464
Transfers between funds		-	-	-	-
Net movement of funds after transfers		119,914	308,206	428,120	25,464
Balance brought forward		362,601	533,915	896,516	871,052
Balance carried forward	10	482,515	842,121	1,324,636	896,516

There were no movements on any fund during the year other than as shown above.

The Norwegian School in London
(Limited by Guarantee)
Balance Sheet at 31 July 2003

	Note	2003		2002	
		£	£	£	£
Fixed Assets					
Tangible assets	*5*		897,147		912,801
Current Assets					
Debtors	*6*	55,513		67,880	
Cash at bank and in hand		652,008		249,345	
		707,521		317,225	
Creditors: Amounts falling due within one year	*7*	(35,707)		(72,335)	
Net Current Assets			671,814		244,890
Total Assets Less Current Liabilities			1,568,961		1,157,691
Creditors: Amounts falling due after more than one year	*8*		(244,325)		(261,175)
Net Assets			1,324,636		896,516
Reserves					
Unrestricted funds	*10,13*		482,515		362,601
Restricted funds - Land and buildings Fund		515,085		533,915	
- Refurbishment Fund		327,036		-	
	10,12		842,121		533,915
			1,324,636		896,516

Approved by the Board of Governors and signed on its behalf on 11 December 2003

.....

Nils Martin Gunneng - Governor

The Norwegian School in London
(Limited by Guarantee)
Notes to the Financial Statements
for the year ended 31 July 2003

1. **Accounting Policies**

(a) **Accounting Basis and Standards**

These financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities, and applicable Accounting Standards.

(b) **Income**

All income other than donations and transport grants is accounted for on a receivable basis, with amounts relating to the next financial year being carried forward as deferred income. Donations and transport grants are accounted for when received.

(c) **Government Grants**

Grants are brought into the financial statements at the point where they are irrevocably committed to the Norwegian School in London. Where an element of a grant relates to expenditure to be incurred after the balance sheet date an appropriate amount of the grant is carried forward as deferred income.

(d) **Allocation of Expenditure**

Costs and expenses have been allocated between direct charitable and management and administration costs according to the nature of the work performed.

Direct charitable expenditure comprises all costs directly attributable to the provision of services in pursuance of the charitable objectives and policies, less any amounts allocated or apportioned to management and administration costs.

Management and administration costs comprise costs directly attributable to the management and administration of the school and an apportionment of such other costs to the extent that they relate to such management and administration.

All expenditure is accounted for under the accruals concept.

(e) **Pension Scheme Arrangements**

The Society operates a defined contribution pension scheme for some employees. The costs of the pension scheme are charged to the financial statements on an amounts payable basis.

(f) **Leasing and Hire Purchase Commitments**

Rentals paid under operating leases are charged to the financial statements on a straight line basis over the lease term.

(g) **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.
Depreciation on fixed assets, other than freehold land, is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	-	2% straight line basis
Fixtures and fittings	-	20% reducing balance
Computer equipment	-	33 1/3% reducing balance

(h) **Translation of foreign currencies**

Assets and liabilities expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the end of the financial year. Income and expenditure arising from foreign currency transactions are translated at the exchange rate ruling at the date of the transaction. All differences on exchange translation, whether realised or unrealised, are dealt with in the income and expenditure account.

(i) **Cashflow Statement**

The company has taken advantage of the concession available to small organisations and has accordingly not prepared a cashflow statement.

2. Incoming Resources	2003 £	2002 £
Fees	658,900	627,949
Grants	312,514	260,614
Refurbishments Donation	352,700	-
Transport grants	-	5,382
School Shop	4,726	9,678
Donations	450	185
Other income and fundraising	32,304	27,976
	1,361,594	931,784

3. Staff Costs	£	£
Wages and salaries	597,678	575,692
Social security costs	59,769	54,321
Other pension costs	47,608	17,045
Other staff costs	13,895	11,897
	718,950	658,955

Other staff costs include staff recruitment fees, the cost of supply teachers and teachers' training, allowances and welfare costs.

No member of staff received remuneration exceeding £50,000.

Staff costs are allocated between activities as follows:	£	£
Direct charitable expenditure	588,290	568,104
Management and administration	130,660	90,851
	718,950	658,955

The average number of staff employed by the School during Autumn 2002 / Spring 2003 was:	No.	No.
Teaching	18	23
Management	4	4
	22	27

The members of the Board of Governors are regarded as directors for the purposes of the Companies Act 1985. None of the members of the Board of Governors received any remuneration in respect of their services to the School (2002 - £nil).

The company operates a defined contribution pension scheme for some employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company to the fund amounted to £47,608 (2002 - £17,045).

4. Taxation

The school is a registered charity and therefore is entitled to exemption from United Kingdom taxation in accordance with Section 505 ICTA 1988.

The company is unable to register for VAT purposes, and operating costs therefore include the VAT element where this has been incurred.

5. Tangible Fixed Assets

	Land and Buildings	Fixtures and Fittings	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 August 2002	941,459	182,095	24,958	1,148,512
Additions	-	-	33,075	33,075
Disposals	-	-	(6,200)	(6,200)
At 31 July 2003	941,459	182,095	51,833	1,175,387
Accumulated depreciation				
At 1 August 2002	95,822	130,326	9,563	235,711
Charge for the year	18,830	10,354	16,157	45,341
Eliminated on disposal	-	-	(2,812)	(2,812)
At 31 July 2003	114,652	140,680	22,908	278,240
Net Book Value				
At 31 July 2003	826,807	41,415	28,925	897,147
At 31 July 2002	845,637	51,769	15,395	912,801

All assets are used for the charitable purposes of the company.

The Board of Governors consider that the historic cost of the Freehold Land & Buildings is comprised as follows:

	£
Freehold land	274,622
Freehold buildings	655,704
Tennis courts	11,133
	941,459

6. Debtors

	2003	2002
	£	£
Outstanding fees	9,063	6,328
Other debtors	5,337	4,963
Prepayments	41,113	56,589
	55,513	67,880

7. Creditors: Amounts falling due within one year	2003 £	2002 £
Bank loans and overdraft (see note 9)	16,850	16,850
Trade creditors	-	3,600
Taxation and social security	-	36,078
Other creditors	1,839	3,606
Accruals	17,018	12,201
School fees invoiced in advance		-
	35,707	72,335

8. Creditors: Amounts falling due after more than one year	£	£
Bank loans (see note 9)	244,325	261,175

9. Bank loans and overdrafts

The total amount of bank loans and overdrafts was as follows:

	£	£
Falling due within one year:		
Bank loan	16,850	16,850
Falling due after more than one year		
Bank loan	244,325	261,175
	261,175	278,025

The bank loan is repayable in equal half yearly installments over twenty years commencing from September 1998. The loan is secured by a fixed charge over the freehold property of the school. Interest is payable annually at 1.25% over the bank's base rate, with a minimum agreed base rate of 4%.

10. Analysis of Net Assets between Funds	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 July 2003 are represented by:			
Tangible fixed assets	70,340	826,807	897,147
Net current (liabilities)/assets	412,175	259,639	671,814
Creditors: Amounts falling due after more than one year	-	(244,325)	(244,325)
	482,515	842,121	1,324,636

11. Financial Commitments	2003 Other	2002 Other
	£	£
Annual commitments under operating leases which expire:		
in less than one year	3,972	-
within two to five years	-	3,907

12. Restricted Funds

Land and buildings Fund	£	£
At 1 August 2002	533,915	552,744
Net income / (expenditure) during the year - depreciation	(18,830)	(18,829)
At 31 July 2003	515,085	533,915

The Land and buildings Fund represent amounts donated specifically towards the cost of land and buildings used by the school, together with amounts designated towards those costs by the Governors and transferred from the Unrestricted Fund. The value of the Fund represents the net book value of the land and buildings, less the amount of loan outstanding in connection with the purchase of the land and buildings.

Refurbishment Fund	£	£
At 1 August 2002	-	-
Donations received during the year	352,700	-
Refurbishment expenditure during the year	(25,664)	-
At 31 July 2003	327,036	-

The Refurbishment Fund represents amounts donated specifically towards the cost of a refurbishment programme currently underway at the school, together with amounts designated towards those costs by the Governors and transferred from the Unrestricted Fund. The value of the fund represents amounts donated to the school which have not yet been spent as part of the programme.

13. Unrestricted Funds

	£	£
At 1 August 2002	362,601	318,308
Net income / (expenditure) during the year	119,914	44,293
Transfer from Unrestricted Funds	-	-
At 31 July 2003	482,515	362,601

14. Transactions with Connected Persons

The children of each of the Governors (T.M. Anfinnsen, M.B. Aurstad and N.M. Gunneng) attend the school on terms and conditions which are the same as for all other pupils of the school.

During the year, the school received a donation of £350,000 from Statoil (UK) Limited, a company of which R. Bjørnson was the managing director. At the time of the donation, Mr Bjørnson was also a Governor of the school.

There were no other transaction, either directly or indirectly, between the company and any of the Governors.

15. Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

16. Liabilities of Members

The company is a registered charity and is limited by guarantee. Each member of the Board of Governors is a member and is liable for the payment of the liabilities of the company, subject to a maximum liability of £1 per member.

MANAGING RISK

a brief introduction

Risk management provides a valuable set of tools for use by conscientious management and board members. A risk management programme can play an important role in preserving and fulfilling the core mission of your organisation.

Risk management planning

Risk management starts with an examination of core operations and category of assets. Throughout the process you determine the levels of risk your organisation can withstand and the cost effectiveness of the activities you could undertake to minimise the risk. A comprehensive approach to risk management allows you to make the right choices and take control over the areas that are most likely to cause financial loss or damage to your organisation's reputation.

TYPES OF RISK

Risks can be segregated into three broad categories.

1 Environmental risk

This is an external risk that arises from a failure to understand and adapt to changes in the external environment that impact on the organisation. For example changes in the needs of service users or members. It could also manifest itself if there is a failure to react to actions of competitors, or an over-dependence on suppliers.

There are other potential risks in this category including changes in government policy or adverse consequences flowing from political actions in the countries in which the organisation operates, economic trends, regulatory factors, social and cultural changes, and technological advances.

2 Process risk

Process risk is an internal risk that business processes are not clearly defined and are poorly aligned with organisational strategies. Within process risk are 5 broad categories:

Operations risk

The risk that those operations are inefficient and/or ineffective in achieving the organisation's objectives, i.e. user satisfaction, human resources, service development, efficiency, capacity, performance gap, cycle-time, sourcing materials, obsolescence, compliance, business interruption, service failure, health and safety, trademark, brand name erosion.

Financial risk

The risk that cash flows, reserves and financial risks are not managed cost effectively to provide adequate liquidity to meet the organisations objectives. It can be further divided into price, liquidity and credit risk. Price risk is the exposure of income streams to changes in market factors such as interest rates or currency rates. Liquidity risk arises as a result of the inability to meet cash flow obligations in a timely and cost effective manner. Credit risk considers the exposure to loss as a result of a default or failure to perform by a debtor.

Empowerment risk

The risk that managers and employees are not properly lead. That they do not know what to do, how to do it or when they need to do it. Whether they exceed the boundaries of their defined authority and/or do not have the resources, training and tools necessary to make effective decisions or are given incentives to do the wrong thing, i.e. leadership, authority/limits, outsourcing, performance incentives, change readiness, communications.

Information processing / Technology risk

The risk that information technologies used in the organisation are not efficiently and effectively supporting the current and future needs of the organisation, are not operating as intended and are compromising the reliability of data, i.e. relevance, integrity, access, availability and infrastructure.

Integrity risk

The risk of management fraud, employee fraud and illegal and unauthorised acts, any or all of which could lead to loss of reputation as much as to financial loss.

3 Information for decision making risk

This is the risk that information used to support strategic operational and financial decisions is not always relevant or reliable. Decision-making should be based on actions and measures to show that the organisation is meeting its goals and objectives. If measures have been aligned with strategies that are not realistic, understandable or actionable they will not focus people on the right things. Both objectives and processes change and it is important to ensure that they are always in alignment with each other. The board and management must have the right information to make decisions. The risk is that information flows do not focus people on the right things and lead to conflicting uncoordinated activities.

STEPS IN RISK MANAGEMENT

A risk management programme should involve the following steps:

1) identify risks that fundamentally threaten the success of the organisation;
2) establish where risks are created, either outside the organisation or within its business processes;
3) measure the significance and likelihood of the risk;
4) implement risk management techniques;
5) monitor and update the programme.

The questions to ask when designing a programme

- What can go wrong?
- What is the probability of each risk becoming reality?
- What is the probable effect on the cost to the organisation if the event occurs?

Good practice

- Focus your actions on high priority risks that are likely to occur or could prove expensive to your organisation.
- Place a low priority on those risks which are unlikely to occur or that involve an insignificant loss.
- Revisit and update the risk management programme on a regular basis.
- As risk management becomes an integral part of the organisation's programme, it will become a natural part of the overall management and governance function.
- The most important thing is to thoughtfully consider the risks taken by your organisation and to address these risks with practical strategies.
- Start with discrete steps and readily achievable goals to achieve success. Success will empower people to continue with the programme.

Risk Management and Governance

- Invest in increasing the capacity to be an effective organisation and advance the strategies to which board and staff are committed.
- Recruit a talented, diverse and engaged board.
- Employ talented staff, support staff development and reward results.
- Explore options that will enable risk management processes to be integrated organisationally wide.
- Promote and sustain an organisational culture that promotes teamwork, mutual respect and service.
- Develop written board policies.

Management must decide the appropriate risk management strategies consistent with the overall risk management goals and objectives.

For each risk there are alternative strategies e.g.: (a) avoid unacceptable risks; (b) build retained risk into pricing structure; (c) transfer risk (through insurance, strategic alliance, joint ventures, sharing arrangements); (d) accept risks at their present level; (e) accept risk but reduce it to an acceptable level through internal risk control processes.

These strategies ensure that risk ownership and accountability are defined so that appropriate risk management and control processes are designed and implemented.

The board and senior management must ensure that the right people implement and execute timely, efficient and effective risk controls. Each risk control process should be designed to meet the agreed standard of risk tolerance. The risk control processes are implemented by process or activity owners.

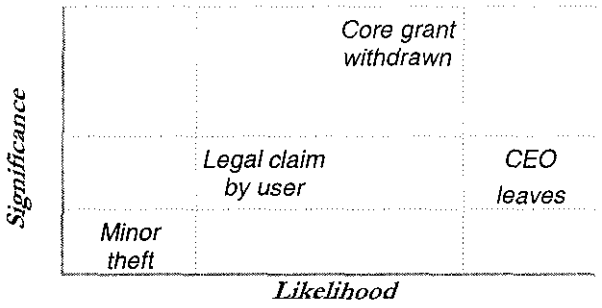
The operating performance of risk management and risk control processes, which are vital to overall organisational value creation, objectives and strategies must be monitored.

HOW TO IDENTIFY AND ASSESS RISKS

Risk Mapping.

Risk mapping starts with the identification of business risk. It should take into account the significance of the risk and the likelihood of the risk occurring. This enables risks to be prioritised on a simple risk map. (See below for an example) For the map to be useful it needs to be customised to take account of management's intimate understanding of the risks that regularly effect their organisation

Example of a risk map:



Risk maps can be drawn up for each type of risk as identified in Types of Risk.

Risk Management Overall Approach

Simple example

Establish Goals and Objectives

:Management recognises the importance of maintaining the donor database.

Involve all those who work in process

Manager discusses with staff how the database might be corrupted or lost.

Develop Risk Management strategies

Management decides to: (1) improve controls over data input; (2) make back-ups and store off-site; (3) enter into reciprocal arrangement via software user group.

Design and Implement Risk Control process

Management documents system and trains staff in new procedures and concludes reciprocal agreement with friendly local organisation.

Monitor Risk Management

Management audits new procedures and tests operation of the recovery plans.

Improve Risk management process

From the results of the tests, management redesigns certain aspects of the procedures.

For further information contact your Kingston Smith partner, or:

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