



The Chartered Institute for IT
Making IT good for society

BCS, The Chartered Institute for IT

Annual Report and Consolidated Financial Statements

Year ended 31 August 2017

Registered charity number 292786

BCS, The Chartered Institute for IT is the business name of The British Computer Society

BCS, The Chartered Institute for IT

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BCS, The Chartered Institute for IT

OFFICERS, DISTINGUISHED FELLOWS AND EXECUTIVE TEAM

PATRON: HRH The Duke of Kent KG

TRUSTEE BOARD (and Members of Council)

President – P Martynenko FBCS

Deputy President – C Rees FBCS CITP

Immediate Past President – R J Long CEng FBCS CITP

Vice-Presidents

G Arnold MBCS

P Bourne MBCS (to 7 March 2017)

M V Cooper FBCS

T Crick MBE CEng CSci FBCS (from 15 March 2017)

J H Davenport FBCS CITP

R G George OBE FBCS CITP

J Magee FREng FBCS CITP (to 15 March 2017)

S Pattison FBCS

I Thompson CEng FBCS CITP

Chair of Council:

K Roosen FBCS (to 11 May 2017)

H Fletcher CEng MBCS CITP (from 11 May 2017)

Elected by Council:

M Ajibode CEng FBCS CITP (from 11 May 2017)

D Copleston FBCS (to 15 March 2017)

T Crick MBE CEng CSci FBCS (to 15 March 2017)

R Kaur FBCS CITP (from 11 May 2017)

J McCafferty CEng FBCS CITP

M Ross MBE CEng CSci HonFBCS CITP

MEMBERS OF COUNCIL

H Fletcher CEng MBCS CITP

M Ajibode CEng FBCS CITP

B Booth FBCS CITP

C Boldyreff FBCS CITP

J Brookes CEng FBCS CITP

A Chaplin MBCS CITP

P Clarendon MBCS

S De Silva FBCS CITP

P Fletcher FBCS - Chief Executive

I Glendinning CEng FBCS CITP

J Hammond MBCS

R Kaur FBCS CITP

L Keighley CEng FBCS CITP

J McCafferty CEng FBCS CITP

A Moattari FBCS CITP

A Pakštas FBCS CITP

L Parry MBCS

D Rippon CEng FBCS CITP

K Roosen FBCS

M Ross MBE CEng CSci HonFBCS CITP

L Senanayake CEng FBCS CITP

C Smythe CEng FBCS CITP

I Sunley CEng FBCS CITP

A G Williamson CEng FBCS CITP

H Wu MBCS

PAST PRESIDENTS

2016/17 R J Long

2015/16 J Creese

2014/15 E A Bacon

2013/14 R Marshall

2012/13 R J Harvey

2011/12 M J Norton FREng

2009/11 E A Sparrow

2008/09 A W Pollard

2007/08 R H A Burnett

2006/07 Sir Nigel Shadbolt FREng

2005/06 C E Hughes

2004/05 D Morris

2003/04 Dame Wendy Hall DBE FRS FREng

2002/03 J L Ivinson †

2001/02 N G McMullen

2000/01 A J P Macdonald CB

1999/00 D F Hartley

1998/99 I C Ritchie CBE FRSE FREng

1997/98 Sir Brian Jenkins GBE

1996/97 R J McQuaker †

1995/96 G W Robinson CBE FREng

1994/95 D W Mann

1993/94 J P Leighfield CBE

1992/93 R G Johnson

1991/92 S C T Matheson CB

1990/91 A R Rousell

1989/90 Dame Stephanie Shirley DBE FREng

1988/89 B W Oakley CBE †

1987/88 E P Morris TD

1986/87 Sir John Fairclough †

1985/86 R A McLaughlin

1984/85 E S Page

1983/84 D Firnberg

1982/83 HRH The Duke of Kent KG

1981/82 P D Hall OBE †

1980/81 F J Hooper

1979/80 J L Bogod †

1978/79 F H Sumner †

1977/78 P A Samet †

1976/77 G A Fisher

1975/76 C P H Marks †

1974/75 E L Willey †

1973/74 R L Barrington

1972/73 G J Morris

1971/72 A S Douglas CBE †

1970/71 A d'Agapeyeff OBE †

1969/70 The Earl of Halsbury †

1968/69 B Z de Ferranti †

1967/68 S Gill †

1966/67 The Earl Mounibatten of Burma KG PC OM †

1965/66 Sir Maurice Banks †

1963/65 Sir Edward Playfair KCB †

1962/63 R L Michaelson †

1961/62 D W Hooper †

1960/61 F Yates CBE †

1957/60 Sir Maurice Wilkes FRS FREng †

†deceased

EXECUTIVES

Group Chief Executive - P Fletcher FBCS

Group Finance Director – R Deri FCA MBCS

Director of Standards – J Barlow MBCS

Director – IT and Operations - C Harris MBCS CITP

Director – Community and Policy - D Evans FBCS

Director – Education - W Mitchell FBCS CITP

Director – External Affairs - A Thilthorpe FBCS

Managing Director, BCS L&D Limited – L Ireland (from 20 July 2017)

DISTINGUISHED FELLOWS

S Peyton Jones FRS

M Lane Fox, Baroness Lane-Fox of Soho CBE

Dame Wendy Hall DBE FRS FREng

S Furber CBE FRS FREng

H Hauser CBE FRS FREng

W East FREng

V Cerf

S McNealy

P T Kirstein CBE FREng

D Deutsch FRS

Sir Tim Berners-Lee OM KBE FRS FREng

W H Gates III KBE

F P Brookes FREng

R Wilmot OBE

Wladyslaw M Turski †

A J Robin E Milner †

I M Barron CBE

D E Knuth

G M Amdahl

Sir Antony Hoare KBE FRS FREng

C W Bachman †

Lord Bowden †

D W Davies †

I L Auerback †

J H Wilkinson †

T Kilburn †

A P Ershov †

Sir Maurice Wilkes †

G M Hopper †

C Strachey †

E W Dijkstra †

†deceased

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PRESIDENT'S MESSAGE

The 60th anniversary of the creation of BCS has inspired us to reflect on our past, celebrate how far we have come, and look forward to where we are going. It is a humbling experience to become part of the chain of people who have helped steer the organisation through the changes in technology of the last 60 years, to spend time with those who are working together now, and to contemplate what the future may hold.

This year has seen the organisation re-energised as a community of members, and playing an ever more substantial and relevant role with partners and wider society. It has seen challenges in income generation, but also the development of a strong presence and set of priorities that will not only ensure continued sustainability and growth, but ever more powerful delivery against the Royal Charter.

Looking back 60 years

Our 60th anniversary has given us a fantastic opportunity to look at previous waves of technological change through the eyes of the general public, the profession, and contemporary BCS leaders. It is heartening to consider that there is nothing new about BCS playing a role in the societal issues arising from the use of digital technology. When it comes to the relationship between data, algorithms and people, the prescient concerns being raised in BCS dating back into the 1970s – and even the late 1960s – we have yet to fundamentally solve these issues. Simply looking at how women are portrayed in the world of computing over the last 60 years shows that our society has moved forward in so many ways, yet we still struggle to attract a diverse group of individuals into the profession. BCS ran a campaign this year as part of LGBT+ History Month, celebrating role models – supported by the Minister of State for Digital and Culture. This and other activities over the year have shown our relentless determination that those designing and running our digital environment are welcoming to everyone, and reflect the society that they serve.

Over these 60 years, there are so many parallels with the issues society faces today, and it is both a comfort and a challenge as BCS moves into its seventh decade that we have so much history to draw upon and so many examples to live up to.

BCS today

Over the course of the 60th year, I have hosted events across the UK to thank members for their contribution; to celebrate and recognise the hard work, wisdom and passions that fuel our shared mission. Everything BCS is achieving today is built upon communities and partnerships, people who share values working together. This has been a fantastic opportunity, not to celebrate past triumphs, but to celebrate the people who have made and continue to make BCS a driving force for our profession.

This year has seen us continue to expand and grow our influence across computing education, reaching 1.8 million children through our Computing At School network. The CAS Network of Excellence has delivered 46,700 hours of professional development for teachers. All of this is only possible because of funding partners such as Microsoft, Google, ARM, Cisco, NCTL and the Department for Education, and the invaluable contribution of volunteers across the networks.

Building on our long-term work with employers and the Gatsby Foundation, BCS has continued to recognise and support those entering the profession. This includes 2,500 people starting an apprenticeship, with many more to follow.

The year has also included a number of public shocks. The cyber-attacks that hit NHS organisations in the spring raised questions from the public and media as to whether we were collectively doing enough to protect people. BCS was able to rapidly gather individuals and organisations to design and publicly support a 'blueprint' for a cyber-safe NHS. The speed and impact of this work is a testament to our volunteers and staff, but also to the increasing expectation being placed on BCS as a convenor in these circumstances.

This builds on the work that preceded the launch of Fed-IP this year, a Federation of professional bodies working across health and social care informatics. This new collaboration, fully supported by the NHS, is building standards that will define ethics and capability necessary to take forward a digitally-powered NHS. This is being developed hand in hand with the clinician-centred Faculty of Clinical Informatics. Together this is an historic shift in the status and expectation placed on IT and informatics in Health and Care, and I am pleased to say BCS has played an active and leading role, championing and supporting this development to the fullest extent.

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PRESIDENT'S MESSAGE (continued)

The conduct of politics has been dramatically affected by digital technology, and social media in particular – fuelling electoral surprises in the UK and internationally. The opportunity for better, fairer and deeper relationships between representatives and constituents is very exciting, just as the threats to public life are disturbing. BCS has built partnerships and carried out work as this issue has developed, commissioning some of the early research into the issues and discussing them with politicians and activists – and of course the social media platforms themselves – with a view to shared solutions.

All of this is a tremendous endorsement of our strategy to identify challenges, build alliances, campaign and drive standards, all the while involving and engaging our membership. As a result, our position with the media, our relationships with policymakers and industry, and the collective pride of our members is all growing. This is a strategy and approach that is preparing us to tackle the issues that will arise in future as well as those already impacting the world today.

Looking to the future

The world remains full of uncertainties – prospects of war, terrorism, political turbulence, rapid growth and disruption from technology. As we contemplate that future, we see a need to transform our education for both our economic future and the wellbeing of coming generations. Those generations will need to learn how to deal with ever-increasing pace of change, particularly in work. They will need to learn how to adapt to the powerful psychological forces acting on them; sharing of news, political activism, manipulation of their data and machine learning that may or may not be consistent with their wishes.

Our profession will need to go beyond merely delivering to a specification, but take responsibility for the impact of what we do. Ethics in technology is now an every-day discussion, yet turning our ethical discussions into ethical practice has in many ways yet to begin. Partnerships both for BCS and for the profession will be critical. Just as digital technology is affecting everything, ethical digital professionals need to become more aware and integrated into every aspect of our life; digital technology is now both the driver and the medium for how our society develops, and we must respond.

Having spent time looking at past, present and future, there is a vast amount to do but, as an organisation and a professional community, we have every reason to be confident of our role and our impact in this changing world. I would like to extend my thanks to all of those who have brought BCS to where it is and who continue to strive to make IT good for society together. We have a fantastic set of Trustees, volunteers, staff, members and partners, with whom it is a privilege to work and a constant encouragement.



Paul Martynenko FBCS
President 2017-18
29 November 2017

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GROUP CHIEF EXECUTIVE'S REPORT

The financial year 2016/2017 has seen continued progress in many of BCS' activities, but it has also been a year in which we faced some significant challenges, particularly in our commercial subsidiary, BCS Learning & Development (BCS L&D).

The financial performance for the year resulted in total income of £34,822k which is a 9% reduction over the previous year. After two previous years of recording a substantial surplus, 2016/2017 saw a deficit with a net movement in funds of (£1,547k).

Our investments in member experience reaped rewards with the launch of a new member area and we started to refresh other elements of our web presence with pleasing results. Total membership grew by nearly 2% to 72,191 mainly through increased number of Associates.

In the Academy area our world-leading school education programme, via Computing at School, has reached over 1.8m children in the UK supported by £1.64m of funding/grants provided from Microsoft, Google, ARM, Cisco, NCTL and the Department for Education. In the year, we agreed to expand the Computing at School Network of Excellence into Scotland with funding from BCS and Microsoft.

More than 700 events took place in the last year across our community network. Our work in IT professionalism continues with vigour and we were delighted to obtain further funding from the Gatsby Foundation of £1.3m to continue our important work to roll out the Register of IT Technicians. We also signed a licencing deal with the Swedish Computer Society for our Chartered IT Professional (CITP).

In the policy area, we exerted significant influence into many areas of technology-related Government policy. We launched the Cyber security blueprint in response to the Wannacry incident that saw queues of ambulances sitting outside A&E departments. Working with Demos we carried out important work on abuse directed at MPs via social media and on the potential "echo chamber" impact of social media on democratic election processes.

BCS L&D experienced major changes in the schools' education market and the regulatory environment for qualifications at Key Stage 4. This had a large detrimental impact on revenues and surplus. At the time of writing, a restructure is underway which sadly has necessitated some job losses across the Group. BCS L&D made good progress in other areas of its portfolio and especially in the area of producing new assessments for digital apprenticeships. While there is a time delay with achieving income from apprenticeships, with much of the income generated by the end-point assessment, BCS L&D is well-positioned to benefit from our investment in knowledge modules and signing contracts with many of the approved training operators in this field.

We made changes to our Governance structure in the year to better align the Boards under Trustee Board with our vision and strategy. That necessitated the dissolution of our Policy and Public Affairs Board and Professionalism Board and the creation of two new Boards; Society and Organisation & Employers. Some Board members did transition across, but I would like to record our gratitude to all of the members of the dissolved Boards for their many years of support and guidance.

As mentioned in our President's message, we launched BCS' 60th birthday celebrations during the year with recognition events taking place around the country with members of our community. In keeping with the philosophy of those events, I would personally like to thank all our Members, staff and volunteers who provide such dedicated service to the Institute for their significant contribution past, present and for the future.



Paul Fletcher FBCS
Group Chief Executive
29 November 2017

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TRUSTEES' REPORT

The Trustees' Report covers the activity of the Institute for the year ended 31 August 2017.

1. THE INSTITUTE'S OBJECTIVES

The Institute is incorporated by Royal Charter and is a Registered Charity (number 292786). Its objectives are prescribed by the Royal Charter and the main objective is 'to promote the study and practice of computing and to advance the knowledge and education therein for the benefit of the public'. It serves three main constituencies: IT professionals, employers of IT professionals and society at large. Its governing documents are the Royal Charter, Bye-laws and Regulations.

Delivering Public Benefit

The Institute delivers the objectives of its Royal Charter to provide public benefit through substantial programmes of activities under the direction of its Trustees, Boards and volunteer communities, facilitated by the Institute and its members. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to guidance published by the Charities Commission. The scope of our activities is described in Section 3 below and all are primarily aimed at benefiting the public at large.

The Institute's membership at 31 August 2017 and 2016 is shown below:

	Number of Members	
	2017	2016
Fellows	3,262	3,250
Members	37,142	39,012
Associate members	19,913	16,470
Companions	6	6
Students	10,058	10,383
Affiliates	1,810	1,904
	<hr/>	<hr/>
	72,191	71,025
	<hr/>	<hr/>

2. THE FUTURE OF THE INSTITUTE - *Making IT Good for Society*

The Institute was created in 1957 to bring together those that work in the field of computing and to educate and inform others for the public benefit. We have made great strides since then and the Institute has evolved continually to meet the ever-changing world we serve.

We live in an increasingly IT-dependent society and technology lies behind almost everything we do. Well over a million people work directly in information technology in the UK alone and computer science lies behind almost everything that happens in society today. To support not only these knowledge workers but an increasingly IT-enabled society, our activities and capabilities must become even more pertinent to our members and volunteers, as well as the academic community, industry, government and the wider public.

Our overriding purpose is defined as "making IT good for society" which unites the many and varied activities carried out by the organisation which can be looked at through the lenses of Leadership, Community and Excellence to provide clarity regarding how we go about our purpose.

Leadership

Over the year, the Institute has been focusing on its four key challenges - Education, Capability, Personal Data and Health & Care. These reflect a combination of key societal issues and areas where we can make a significant difference with limited resources; the establishment and growing influence of Fed-IP demonstrates just what a difference BCS can make and how we have a vital role in informing public policy on how IT can contribute to society as well as championing the global IT profession.

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TRUSTEES' REPORT (continued)

Community

Working with, supporting and encouraging our members is a fundamental part of our work and we aim to increase our focus on giving them the professional development and career support needed. Our Member Groups bring together all our stakeholders and run meaningful events around the four challenges and all aspects of technology. Our work in schools is delivered via our community and is laying the foundations for effective education in the fundamentals of computer science.

Excellence

We provide professional standards, qualifications, skills and competence frameworks and professional development opportunities for IT professionals. Through early career activities such as student chapters, the provision and accreditation of apprenticeships and professional recognition via the Register of IT Technicians we can make a real difference to those at the start of their IT careers. With the recent changes to the Chartered IT Professional standard we are aiming to broaden its appeal and ensure CITP is the hallmark for competence and professional conduct through a professional career.

3. ACTIVITY REPORTS

An overview of the key activities of the Institute is included in the President's Message and Group Chief Executive's Report on pages 2 to 4.

A summary of the activities and achievements of each individual Board during this period is described by the respective Vice-Presidents and Chairs below.

BCS Academy of Computing

Vice-President & Chair: Prof James Davenport
Vice-President: Prof Tom Crick MBE

The BCS Academy of Computing ('Academy') is a collaborative partnership between BCS, CPHC (the Council for Professors and Heads of Computing) and UKCRC (the UK Computing Research Committee) and its purpose is to advance the creation, study and application of knowledge in computing. Professor James Davenport of the University of Bath is the Chair. The Computing At School group (CAS) is a major part of the Academy.

CAS Membership: CAS membership reached over 27,000 in August 2017. Over 80% of members are schoolteachers, the rest are IT professionals and university academics. There are now 240 local CAS Hubs, where teachers meet regularly to share and develop teaching practice. There are over 4,200 online resources available on the CAS website.

BCS Teaching Scholarships: The DfE has again awarded the grant to run teaching scholarships for trainee computing teachers to BCS for the period 2017/18, where each scholarship is worth £27,500 and is tax free. The scheme is now in its fourth year, and has had the support of Microsoft, IBM, BT, HP, Toshiba, Google, Ocado, Metaswitch Networks, CompareTheMarket, Morgan Stanley, Goldman Sachs, Citrix, GE Healthcare and GE Intelligent Platforms.

Network of Teaching Excellence in Computer Science (NoE): The NoE is a Department for Education (DfE) funded BCS project to encourage schools to aspire to excellence in their teaching of computer science. The NoE is now in the final year of a two-year grant of £2.4m from the DfE, which is to deepen the engagement of the Network through a partnership with ten university regional centres and increase the number of CAS Master Teachers across England. In a year (1 April 2016 to 31 March 2017) the NoE provided 46,700 teacher-hours of CPD and support to 14,000 teachers in 5,400 schools across the country. There are now over 480 registered CAS Master Teachers.

Barefoot Computing project: Back in 2014, BCS were awarded a £1m DfE grant to run the Barefoot Computing project, which is now being run in partnership with BT. The project provides cross curricular computer science exemplifications for primary schools that demonstrate how learning in English, maths, science and history can be improved through teaching computer science. The Barefoot website now has over 45,000 registered users (including over 35,000 primary school teachers).

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TRUSTEES' REPORT (continued)

In a recent Pye Tait survey of schools, the Barefoot Computing resources were the most popular resources respondents quoted as used in the classroom. The Barefoot project has now successfully launched in Scotland and Northern Ireland, and has reached over 10% of primary schools in less than a calendar year.

Quantum: 'tests worth teaching to': Microsoft, Google and ARM have provided a grant of £250k to CAS to create a crowd sourcing platform where teachers can develop and refine classroom assessment materials. The grant will run over two years.

Shadbolt review of Computer Science degree accreditation: BCS supported the independent Department for Business, Energy and Industrial Strategy (BEIS) commissioned review of Computer Science degree accreditation chaired by Sir Nigel Shadbolt. As a result of the report, BCS has now successfully piloted a new accreditation scheme for placement students at the University of Bath, which will be gradually rolled out as an option available to all universities.

Community Board

Vice-President & Chair: Iain Thompson

The Community Board has responsibility for the strategic oversight of all aspects of BCS membership, including application, recruitment, retention, member benefits and communications.

Its aims are:

- to develop new policies, procedures, and services to grow the BCS membership communities, within the UK and internationally in line with BCS strategic objectives,
- to act as a champion for BCS communities (including geographic branches, specialist groups & international sections), and
- to provide effective, responsive and focused support, encouragement and guidance for all the BCS Member Groups.

Support for the Member Groups is delivered with the assistance of three committees (Finance, Policy and Best Practice) which all report to the Community Board.

Our Member Groups – which include Specialist Groups, Branches, Young Professionals' Group, ELITE (the forum for IT Directors and Senior Managers) and International Sections – are an important part of the life of the Institute. They run in the region of 60 events each month on a vast range of computing-related topics, engaging members both in the UK and around the globe. The BCS Health & Care Executive Committee, whose responsibilities include working with government, industry and other bodies to improve the use of informatics in health, and raising public awareness and confidence in health informatics, also reports to Community Board.

As part of the restructure of the boards, Community Board has also overseen the creation of a new BCS Security & Privacy Executive Committee and the appointment of its new chair, building on the work of the Security Community of Expertise and the Information Privacy Expert Panel under the previous Policy & Public Affairs Board. This new committee will operate on similar lines to the BCS Health & Care Executive Committee, and take forward work plans on topics such as cyber security professionalism and the future of data protection.

During the year, the board and committees under it have dealt with a wide range of issues from new committee induction through to trialling of the Eventbrite system for event booking. In addition to the continuing support of our communities, the board has reflected on our growth of student activities and looked at how other communities can be connected and continue that growth.

BCS Health & Care has had a particularly impactful year, with the coming to fruition of a major long-term programme around establishment of the profession. The Federation of Informatics Professionals in Health & Social Care was formally established, working together with other professional institutions and NHS organisations. BCS has together with those partners run a consultation on new professional standards for a shared register of qualified health informaticians. The establishment of Fed-IP was widely welcomed by NHS leaders, and this built on inputs into the Wachter Review from the previous year. This progress was against the backdrop of highly-visible events, including an 'IT Impact' event featuring the RCN's 'nurse of the year' and the National Director of Operations and Information at NHS England.

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TRUSTEES' REPORT (continued)

The year was punctuated by some of the most visible cyber-attacks in the UK thus far, and the BCS response to the NHS 'Wannacry' attack was built on contributions from relevant specialist groups, the security community, and BCS Health and Care, with great support from volunteers, members and partners. This is an encouraging example where BCS has been highly responsive, but also engaged a broad swathe of members as it responds, boding well for the future.

Organisation and Employers Board

Vice-President & Chair: Rebecca George OBE

The newly created Organisation and Employers Board's main objectives are to:

- champion the involvement of organisations, especially those that employ IT professionals, in the Institute's purpose of making IT good for society
- promote the IT profession and relevant standards to organisations with the ambition that this profession is valued and respected for excellence, rigour, creativity and innovation for the benefit of all in society
- ensure the risk of all activities undertaken to promote the IT profession is recognised and with appropriate mitigation.

At its first formal meeting in May, Organisation and Employers Board established terms of reference and proposed membership. It has also subsequently looked at defining work streams aligned to BCS purpose in the context of major employers, organisations and SMEs. Several of the identified areas of focus for next year include:

- desire to increase Organisational membership
- attract new/young/digital, as well as protect deep, technical ability
- re-energise IT professionalism with an emphasis on ethics and incentives
- consider licence to practice for specific areas of expertise
- international relevance
- collaboration – internally and externally.

Society Board

Vice-President & Chair: Stephen Pattison

The Society Board held its inaugural meeting in August 2017, following on from the appointment of the new Vice-President, Society at the AGM in March, and the recruitment of board members. Society Board was established to focus on:

- ensuring that the society-facing activity of BCS is effective, impactful and strategic;
- championing BCS in civil society; and
- commissioning, reviewing and approving policies, procedures and services to facilitate effective external relations in political and media spheres; involving a broad spectrum of members in this activity and supporting the development of organisational partnerships around societal goals.

The Board at its first meeting reviewed the existing society-facing programmes and conducted an exercise to look at the major societal issues where BCS could focus future resources. The Board will be providing recommendations to Trustee Board on the most pressing topics where BCS has a role for future years, as well as looking at how BCS can continue to increase its impact on policy and media communications.

During this period, BCS has had a great deal of success in engaging media, politicians and government, and partner organisations on topics such as NHS cyber security, politics and social media, and children and technology.

Registration and Standards Committee

Chair: Dr Chris Ireland

The purpose of Registration and Standards Committee is to exercise the responsibilities of BCS as the regulator for standards developed by BCS. With effect from the AGM in March 2017, additional responsibilities concerning the admission of members to the Institute and the award by BCS of professional certification have been added.

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TRUSTEES' REPORT (continued)

During the past year the Committee has:

- Gained Trustee Board approval to revise the definition of the standard for both Chartered IT Professional and Registered IT Technician status;
- Maintained oversight of all regulatory policies covering the award of Chartered IT Professional status and Registered IT Technician and the policies concerning membership of BCS and the professional registration of BCS members. Of note are revisions to the policy concerning the revalidation of CITP Certificates of Current Competence. This policy has been revised so that all registrants who want to maintain active registration must evidence compliance with their undertaking to maintain and develop their knowledge and skills in the IT profession. All registrants who submit their record of CPD and evidence of continuing to meet the criteria for CITP registration will be granted a Certificate of Current Competence valid for five years;
- Maintained oversight of both the licensing of the award of CITP and the accreditation of third party assessments for admission of individuals to registers operated by BCS; and
- Having due regard for the role of governance, evaluated the discharge of both its existing and additional responsibilities and agreed terms of reference for member panels. These panels oversee the operational aspects of implementing agreed policy connected with the admission of members, the award of professional registration to members of BCS and appeals against the decisions made in the assessments.

Risk Audit and Finance Committee

Vice-President Finance & Chair: Michael Cooper

The principal objectives of the Risk Audit and Finance Committee (RAFc) are to:

- Provide additional assurance on the quality and reliability of the financial information used by Trustee Board and the Boards of BCS subsidiaries, and the financial statements issued by the Group and its subsidiaries;
- Review the policies and procedures operated for both financial and non-financial risk management and internal control; and
- Oversee all BCS Group internal and external audit activities, including the engagement of the external auditor to supply audit and non-audit services to the Group and its subsidiaries.

The policy of RAFc is to undertake an annual review of the performance of the existing external auditor against specific criteria prior to making its recommendation of the appointment of the external auditor for the following year.

RAFc held four meetings and fulfilled its obligations and responsibilities to Trustee Board including its review of the Risk Register and annual audit meeting with the external auditors. RAFc's Finance Committee held its first meeting in November 2016 with two others during the financial year; their remit is to provide greater scrutiny of financial areas.

During the year, Trustee Board asked VP-Finance to undertake a review of the risks facing the BCS Group arising from changes in the digital skills regulatory environment and some of its other markets. In June 2017, Trustee Board unanimously agreed to implement the review team's recommendations.

BCS Council

Chair: Dr Helen Fletcher

Council is a representative body of the membership and primarily reviews and comments on the direction of the Institute, with particular focus on strategy and budget. Trustee Board delegates its authority to additional Boards to run the Institute and Council also engages pro-actively with these Boards. Council also elects the Honorary Officers and other members of Trustee Board. Council represents a collective body of wisdom that can be consulted for the benefit of the Institute, and consists of members elected from various constituencies from the membership, and the senior officers of the Institute.

During the year, Council has considered a wide range of topics, and provided comment to Trustee Board on a range of strategic matters.

In addition to the regular business of electing Vice-Presidents and Trustees, and reviewing its own methods of communication and collaboration, some of the other major topics of discussion have been:

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

- Digital Democracy
- Digital Health
- Honorary Officers / Chartered membership
- 60th Anniversary Celebrations for Member Groups
- Safety Critical Systems Club presentation
- Membership subscriptions for Students and Apprentices
- BCS Values

In January 2017, Council conducted a strategy away day with Trustees and the Executive team, focusing on the theme of *how do we achieve our Royal Charter in a modern, digital age where technology has proliferated*.

4. FINANCIAL REVIEW (including policy statements)

These financial statements have been prepared in accordance with the statutory requirements of the Charity's governing documents and with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

During the period, the Group operating activities from unrestricted funds had net outgoing resources of £1,423,000 (2016: incoming £1,942,000).

A summary of the key highlights are noted in the Group Chief Executive's Report on page 4.

BCS Learning & Development Limited (BCS L&D) achieved a surplus in 16/17 of £1,337,000 (2016: £3,346,000). There has been a decrease of 10% in income during the year to £26m (2016: £29m) due to the slowdown in growth in the schools' market following the removal of performance points from the Level 2 ECDL Certificate in IT Application Skills. As part of its diversification strategy BCS L&D is developing products for the IT Apprenticeship market and aims to help educate and enthuse the general population to become technologically and digitally literate.

In addition to operating activity, there was a decrease during the year in restricted funds of £124,000 (2016: £180,000) which is outlined in note 16 to the financial statements.

We are maintaining the strong financial position and operating performance that is necessary to support the ambitious and realistic programme of change and are continuing to operate sound financial management disciplines and procedures. This has provided a stable platform in previous years and the Institute is confident it has established the appropriate business plans to maintain this success in the future.

Remuneration of Key Management Personnel

The key management consist of the Trustees, the Group Chief Executive, BCS Learning & Development Managing Director and members of both Institute and L&D executive teams who regularly attend Board meetings.

In addition to the main boards and committees listed on page 15, BCS also have a Nominations Committee (members of which are responsible for nominating people for key roles, public honour and distinguished fellowship) and a Remuneration Committee.

The Remuneration Committee is made up from current Trustees plus members appointed by Trustee Board. The committee has responsibility for agreeing the pay and remuneration of Executives and has access to external professional advice including benchmarking and market trends.

BCS's policy is that no member of Trustee Board is remunerated for their services as a Trustee; see page 30.

Reserves Policy

The consolidated total reserves of the Institute are represented by general and restricted funds. The basis of the restricted fund is described in note 16 of the financial statements.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

The current level of consolidated "free reserves" which consists of the general funds represents approximately four months' operating costs which is within the three to nine month target range monitored on an annual basis. The consolidated free reserves in 2017 is £10,802,000 (2016: £12,225,000).

The Institute operates the policy of maintaining the self-financing nature of its core activities and the retention of adequate accumulated general funds to ensure efficient operations and provide financial stability for future development.

The movement and description of the restricted fund is included in note 16 of the financial statements.

Risk Management Policy

The Trustee Board is responsible for the management of risks faced by the Institute. Detailed reviews of the effectiveness of the control environment for both financial and non-financial risks are delegated to all Boards and, in particular, the Group Risk Audit and Finance Committee (RAFc), who are assisted by the Senior Staff Management team. The risk management strategy includes the maintenance and regular review of the risk register which identifies strategic and operational risks, and the identification of risk mitigation strategies. Additionally, a formal review of the risk management processes of the Institute is undertaken on an annual basis.

The key controls of the Institute include:

- Formal structure and agendas for Trustee Board, Council, Boards and Committees governed in line with detailed terms of reference
- Specific support to the Trustees from RAFc
- Comprehensive business planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies including delegated approval and authorisation procedures.

Through the risk management process of the Institute, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed. The most significant risks faced by the Institute are shown in the following table.

Description	Action Taken
BCS Learning & Development Limited suffers a material decline in net profit resulting in a reduction in gift aid to the Institute	<ul style="list-style-type: none">• Changes in the regulatory environment for schools' qualifications necessitated a restructure and rationalisation of costs• Going forward there is greater focus on business development and new product development to diversify income streams
Financial sustainability of the Institute's activities	<ul style="list-style-type: none">• Longer term source of extra income is a priority and detailed in the business plan• Annual budget planning• Strategy and business planning with Trustee Board, Council and Executive teams with regular ongoing reviews are carried out
High complexity across the organisation requires robust governance processes	<ul style="list-style-type: none">• Terms of Reference defined for each committee• Board effectiveness survey being completed annually• New organisational structure reduces complexity and improves the decision-making and governance processes.

table continues...

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Description	Action Taken
Key staff roles vacant or role holders are inadequately skilled	<ul style="list-style-type: none">• Succession Plans regularly reviewed and career development reviews of all staff take place involving all senior management
Processes and systems are not fitting business needs nor offer sufficient protection for a business continuity occurrence	<ul style="list-style-type: none">• Regulatory Programme identified as key priority for BCS and being led by the Transformation Director• Business continuity procedures have been well developed and BCS is certified against BCM standard ISO 22301• Programme in place for all major systems to be cloud based
Threat of reduced government funding on Academy activity	<ul style="list-style-type: none">• Regular communication with, and influencing of, relevant Government departments
Risk of reduced income through decline in paid membership	<ul style="list-style-type: none">• Introduced focussed strategy and investment in membership retention and recruitment

Investment Policy

The Institute continued the policy to hold surplus cash as bank deposits and not invest in higher risk equity investments. The Trustees adopted this approach, given both the short and medium term requirements for the use of these funds, and the current economic volatility and uncertainties.

However, having reviewed the continuance of this policy as part of its routine business processes, Trustee Board agreed with Risk Audit and Finance committee recommendations in an investment strategy review to better manage part of its free reserves. Outline plans have been agreed to be implemented during the next financial year, which will provide for a blend of ethical investments in order to balance long term returns and security.

People with Disabilities

It is the policy of the Institute to encourage the employment and development of suitable people with disabilities. No unnecessary limitations are placed on the type of work that they perform, and the policy ensures that in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working practices. Full and fair consideration will be given to applicants with disabilities for employment and existing employees who become disabled will have the opportunity to retrain if necessary and continue in employment.

Employee Involvement

The Institute is committed to informing and consulting with its employees. Periodic internal staff communication events raise awareness of the financial and economic factors which the charity faces. There is also an annual staff satisfaction survey.

The Institute's aim is to fit the qualifications, aptitude and ability of all members of staff and applicants for employment to the appropriate job and to provide equal opportunity regardless of gender, religion and ethnic origin.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Modern Slavery Act 2015 Statement

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 and sets out the steps that BCS, The Chartered Institute for IT (and its subsidiaries) has taken and continues to take to ensure that modern slavery or human trafficking is not taking place within our business or supply chain.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. BCS has a zero-tolerance approach to any form of modern slavery and is committed to acting ethically and with integrity and transparency in all business dealings. BCS has, in the last 12 months, introduced more effective systems and controls to safeguard against any form of modern slavery taking place within our business or our supply chain.

BCS is a professional body and a charity with a Royal Charter. Our purpose is to Make IT Good for Society.

BCS operates a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include:

Anti-slavery policy: This policy sets out the organisation's stance on modern slavery and explains how employees can identify any instances of this and where they can go for help.

Recruitment policy: We operate a robust recruitment policy, including conducting eligibility to work in the UK checks for all employees to safeguard against human trafficking or individuals being forced to work against their will.

Whistleblowing policy: We operate a whistleblowing policy so that all employees know that they can raise concerns about how colleagues are being treated, or practices within our business or supply chain, without fear of reprisals.

Code of conduct: This code explains the manner in which we behave as an organisation and how we expect our employees, members and suppliers to act.

Supplier policy: BCS has a supplier policy and maintains a preferred supplier list. We conduct due diligence on all suppliers before allowing them to become a preferred supplier. We have introduced new terms which apply to all of our suppliers and where suppliers have not agreed to them, we have removed them from our preferred suppliers list. These terms are detailed below.

In addition to the above, as part of our contract with suppliers, we require that they confirm to us that:

1. They have taken steps to eradicate modern slavery within their business
2. They hold their own suppliers to account over modern slavery
3. (For UK based suppliers) They pay their employees at least the national minimum wage / national living wage (as appropriate)
4. (For international suppliers) They pay their employees any prevailing minimum wage applicable within their country of operations
5. We may terminate the contract at any time should any instances of modern slavery come to light.

Our Anti-slavery policy forms part of our contract with all suppliers and they are required to confirm that no part of their business operation contradicts this policy.

We have trained all of our employees so that they understand the signs of modern slavery and we have outlined to them the steps they should take if they suspect that it is taking place within our supply chain. All new staff receive this training during our induction process.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

5. STRUCTURE, GOVERNANCE AND MANAGEMENT

A list of the members of the Trustee Board, all of whom are the Trustees of the Institute, is included on page 1.

The constitution of Trustee Board is:

- President
- Deputy President
- Immediate Past President
- Up to nine Vice-Presidents
- Chair of Council
- Four elected members of Council

Council provides support to the Trustee Board in an advisory capacity and elects Honorary Officers. Trustees are elected to office by Council itself in accordance with the Bye-laws. On election, Trustees are provided with both guidance on the structure of the Institute, and duties of Trustees, through induction training. More formal training events for all Trustees are held throughout the year as necessary. Trustees are precluded from receiving remuneration from the Institute except when acting as examiner for professional exams.

Trustee Board delegates much of the strategic work of the Institute's key activities to Boards and Committees. Each Board is normally chaired by a Vice-President, and also includes a senior member of HQ staff appointed by the Group Chief Executive. The Boards adopt and progress programmes of work in their respective areas to meet the Institute objectives.

Attendance at the eight Trustee Board meetings during the year was as follows:

Trustee	Attendance	
	Eligible	Present
Paul Martynenko	8	8
Jos Creese	3	3
Ray Long	8	8
Chris Rees	5	5
Michael Cooper	8	8
Iain Thompson	8	8
Rebecca George	8	4
James Davenport	8	8
Jeff Magee	3	3
Stephen Pattison	5	5
Kurt Roosen	5	4
Tom Crick	8	5
Daniel Copleston	3	3
Margaret Ross	8	8
James McCafferty	8	5
Gillian Arnold	8	8
Philip Bourne	3	2
Helen Fletcher	3	1
Margaret Ajibode	3	2
Rubi Kaur	3	3

In addition, Trustee Board held one electronic meeting in the year.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Key Boards and Committees of Trustee Board

Part of the strategic imperative is for BCS to become substantially more outward-facing beyond the sector. This is driven by the changing context for IT; the increasing pivot towards social impact and people, and the resulting need for broader, multi-disciplinary engagement. With its desire to achieve greater progress towards its Charter purpose and provide bridging between the IT profession and sector, as well as wider society, the main board and committee structure was changed with effect from 2017 AGM. Two existing boards were dissolved (Professionalism Board and Policy & Public Affairs Board) and two new boards were created, namely:

1. **Society Board:** who will assist in the development of BCS under the above strategy. In that organisational context, the new Society Board will be a critical part of that bridge, ensuring that the society-facing activity of BCS is effective, impactful and strategic.
2. **Organisation and Employers Board:** will be a critical part of BCS' professional focus. This Board is concerned with the impact of technology on both employers and their employees, the capabilities required by people to do meaningful work and the digital understanding of organisations to be sustainable, viable and ethical in a rapidly changing world.

The good work of our previous Boards will continue within this new structure so that we can provide wide support to both the Public and Professional agendas within IT, with the added impetus and focus afforded by the Making IT Good for Society strategy. This has allowed us to continue to work with great volunteers from across the sector and add the new dimension of Societal representation demanded by our Royal Charter.

BCS Academy of Computing	Promote the creation, study and application of knowledge in computing in collaboration with other key bodies
Community Board	Provide strategic oversight of all aspects of BCS membership, including application, recruitment, retention, member benefits and communications
Organisation and Employers Board	Champion the involvement of the IT profession and promote the value, innovation, excellence, rigour and creativity of IT for the benefit of society as a whole
Society Board	Ensure societal activities are effective, impactful and strategic, and champion BCS in civil society. Commission and review procedures, policies & services to facilitate effective external relations and help develop partnerships around societal goals
Registration and Standards Committee	Exercise the responsibilities of BCS as the regulator for standards developed by BCS for professionals employed in the IT profession
Risk Audit and Finance Committee	Oversee all internal and external audit processes and risk management. Provide additional assurance on the quality and reliability of financial information

The Executive Management team is detailed on page 1.

The administration of the Institute is undertaken by a full-time executive staff based at the registered office in Swindon. Although the Institute's operations have a full-time staff, as mentioned in the President's Message, the Institute benefits from the significant input and contribution of its Honorary Officers and volunteers. However, it is not considered practical to include an estimate of this time due to the nature and variety of the contribution by volunteers to the various Boards, Committees and Member Groups.

The Institute also maintains offices in London, which are used primarily for meetings.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

The AGM was held in March 2017 and the following business was conducted:

- Adoption of the Trustees' Report and the Financial Statements for the year ended 31 August 2016.
- Reappointment of KPMG LLP as auditors.

Bankers

Lloyds Bank Plc in Barnwood 1, Barnett Way, Gloucester GL4 3RL.

Legal Advisers

Charles Russell Speechlys Solicitors of 5 Fleet Place, London EC4M 7RD.

Auditors

KPMG LLP, 66 Queen Square, Bristol BS1 4BE.

Registered Office

The registered office of the Institute is First Floor, Block D, North Star House, North Star Avenue, Swindon SN2 1FA

Relationships with Related Parties

Relationships with related parties are detailed in note 20 and note 22 to the financial statements.

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is unaware; and each Trustee has taken all steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the Financial Statements

Under the Royal Charter and Bye-laws of the charity and charity law, the Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. The Trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The Group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the Group and the charity and of the group's excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

The Trustees are required to act in accordance with the Royal Charter and Bye-laws of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Paul Martynenko
Chair of Trustee Board
29 November 2017

Independent auditor's report to the Trustees of BCS, The Chartered Institute for IT

Opinion

We have audited the group and charity financial statements of BCS, The Chartered Institute for IT ("the charity") for the year ended 31 August 2017 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 August 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' Report, President's Message and Group Chief Executive's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

BCS, The Chartered Institute for IT

Trustees' responsibilities

As explained more fully in their statement set out on page 17, the Trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's Trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Holiday
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: *16th January 2018*

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

BCS, The Chartered Institute for IT

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2017

	Notes	General Fund £000	Restricted Fund £000	Total 2017 £000	Total 2016 £000
Income and endowments from:					
Investments	8	1	-	1	61
Charitable activities:					
Membership and Other Professional Programmes	4 (a)	6,862	1,563	8,425	9,095
Qualifications and Examination Programmes	4 (b)	25,800	-	25,800	28,548
Publications	4 (c)	523	-	523	531
Other income:					
Other income	6 (b)	73	-	73	94
		<u>33,259</u>	<u>1,563</u>	<u>34,822</u>	<u>38,329</u>
Net share of results of joint venture	4 (c)	288	-	288	257
Total income and endowments		<u>33,547</u>	<u>1,563</u>	<u>35,110</u>	<u>38,586</u>
Expenditure on:					
Charitable activities					
Membership and Other Professional Programmes	4 (a)	9,795	1,687	11,482	10,900
Qualifications and Examination Programmes	4 (b)	24,594	-	24,594	25,429
Publications	4 (c)	388	-	388	301
		<u>34,777</u>	<u>1,687</u>	<u>36,464</u>	<u>36,630</u>
Total expenditure		<u>34,777</u>	<u>1,687</u>	<u>36,464</u>	<u>36,630</u>
Net (expenditure)/income before goodwill amortisation	6 (a)	(1,230)	(124)	(1,354)	1,956
Goodwill amortised	10 (b)	(193)	-	(193)	(194)
		<u>(1,423)</u>	<u>(124)</u>	<u>(1,547)</u>	<u>1,762</u>
Net (expenditure)/income being net movement in funds		<u>(1,423)</u>	<u>(124)</u>	<u>(1,547)</u>	<u>1,762</u>
Reconciliation of funds					
Total funds brought forward		<u>12,225</u>	<u>1,418</u>	<u>13,643</u>	<u>11,881</u>
Total funds carried forward	16	<u>10,802</u>	<u>1,294</u>	<u>12,096</u>	<u>13,643</u>

All results arose from continuing activities.

The Group has no recognised gains or losses other than the net movement in funds for the period.

BCS, The Chartered Institute for IT

BALANCE SHEETS

at 31 August 2017

	Notes	Group 2017 £000	Institute 2017 £000	Group 2016 £000	Institute 2016 £000
Fixed assets					
Tangible assets	10(a)	298	297	305	303
Intangible assets	10(b)	2,641	-	2,388	-
Investments	10(c)	1	4,396	1	4,396
		<u>2,940</u>	<u>4,693</u>	<u>2,694</u>	<u>4,699</u>
Current assets					
Debtors	11	3,605	3,302	5,401	5,259
Cash at bank – current holdings		12,189	11,031	10,263	6,093
– held on deposit		-	-	5,058	5,058
		<u>15,794</u>	<u>14,333</u>	<u>20,722</u>	<u>16,410</u>
Creditors: amounts falling due within one year	12	<u>(5,827)</u>	<u>(4,707)</u>	<u>(9,254)</u>	<u>(5,436)</u>
Net current assets		<u>9,967</u>	<u>9,626</u>	<u>11,468</u>	<u>10,974</u>
Total assets less current liabilities		<u>12,907</u>	<u>14,319</u>	<u>14,162</u>	<u>15,673</u>
Provisions for liabilities	14	<u>(811)</u>	<u>(519)</u>	<u>(519)</u>	<u>(519)</u>
Net assets		<u>12,096</u>	<u>13,800</u>	<u>13,643</u>	<u>15,154</u>
Funds					
General fund	16	10,802	12,506	12,225	13,736
Restricted fund	16	1,294	1,294	1,418	1,418
		<u>12,096</u>	<u>13,800</u>	<u>13,643</u>	<u>15,154</u>

The notes on pages 23 to 41 form part of these financial statements

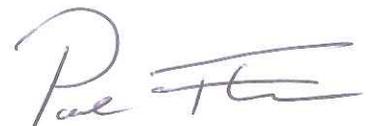
These financial statements were approved by Trustee Board on 29 November 2017 and signed on its behalf by:



P Martynenko
President: 2017-18



M V Cooper
Vice-President Finance



P Fletcher
Group Chief Executive

BCS, The Chartered Institute for IT

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 August 2017

	Notes	2017		2016	
		£000	£000	£000	£000
Cash flows from operating activities					
Net Cash Flow by (used in) operating activities	(a)		(2,386)		1,955
Cash flows from investing activities					
Dividends, interest and rent from investments		1		61	
Acquisition of tangible fixed assets		(201)		(260)	
Purchase of intangible fixed assets		(546)		-	
Net cash from investing activities			(746)		(199)
Net (decrease)/increase in cash and cash equivalents			(3,132)		1,756
Cash and cash equivalents at 1 September 2016			15,321		13,565
Cash and cash equivalents at 31 August 2017	(b)		12,189		15,321

(a) Reconciliation of changes in resources to cash flow from operating activities

	2017	2016
	£000	£000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(1,547)	1,762
Adjustment for depreciation and amortisation charges	501	551
Dividends, interest and rent from investments	(1)	(61)
Decrease/(increase) in trade and other debtors	1,796	(533)
(Decrease)/increase in trade and other creditors	(3,427)	336
Increase/(Decrease) in provisions	292	(100)
Net cash (used in)/provided by operating activities	(2,386)	1,955

(b) Analysis of changes in net funds

	At 1 September 2016 £000	Cash flow £000	At 31 August 2017 £000
Cash at bank and in hand	10,263	1,926	12,189
Cash held on deposit	5,058	(5,058)	-
Total cash and equivalents	15,321	(3,132)	12,189

BCS, The Chartered Institute for IT

NOTES (forming part of the financial statements)

1 Status of the Institute

The Institute is incorporated by Royal Charter and is a registered charity.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the Institute's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note. The Institute has taken advantage of the reduced disclosure framework exemptions as noted in FRS 102 section 1.12, in relation to the cash flow statement, disclosure of related party transactions, key management personnel remuneration and disclosures relating to financial instruments.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the Institute and its subsidiaries, BCS Learning & Development Limited, ITEXT Limited, CMA, i-2-K Limited, Activ Training Limited, and the Institute for the Management of Information Systems for the year ended 31 August 2017.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal. The results of the Institute and its subsidiaries are consolidated on a line by line basis.

An associate is an undertaking in which the Group has a long-term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and joint ventures is included in the consolidated statement of financial activities and its interest in their net assets is included in investments in the consolidated balance sheet.

The consolidated financial statements account for ITEXT Limited as a joint venture.

The Bye-laws require the Institute to prepare financial statements in accordance with the Companies Act. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

Going concern

After reviewing the Institute's forecasts and projections, the Trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

BCS, The Chartered Institute for IT

NOTES (continued)

Significant estimates and judgements

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date or any judgements made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which ranges from two to twenty years based on the Trustees' assessment of useful economic life. The Institute is not applying the standard ten year life to the Activ Training goodwill.

Fund accounting

General funds comprise accumulated unrestricted surpluses and deficits on general funds and are available for use at the discretion of the Trustees in furtherance of the objects of the Institute.

Restricted funds are funds subject to specific instructions by the donor, but still within the objects of the Institute.

Income

Income is reported gross and the Statement of Financial Activities recognises all incoming resources receivable during the period after adjustments for any deferred income which is included in the balance sheet as creditors.

Investment income is recognised on a receivable basis.

Income for ECDL from accredited centres is recognised at the time of purchasing registrations. Income is recognised at this point as it is non-refundable and all obligations have been fulfilled.

Examinations income is recognised when candidates sit examinations.

Event income is recognised when the course or event is run. Income received in advance of the course or event dates is deferred and included in creditors on the balance sheet.

Membership subscription income is accounted on a receivable basis and represents only that part of the subscription which relates to the financial year in which it is paid, the balance is included in deferred income in creditors on the balance sheet and released in the period to which it relates.

Life membership is accounted for on a receivable basis and released into the Statement of Financial Activities over ten years. The balance is included in creditors and carried forward to future years.

The two active subsidiary companies, BCS Learning & Development Limited (BCS L&D) and the Institute for the Management of Information Systems (IMIS) both provide goods and services. The income for these goods and services is recognised at the time the goods and services are delivered.

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NOTES (continued)

Expenditure

Expenditure is shown gross and an accrual adjustment has been made for all known liabilities at the year end.

Charitable activities include expenditure associated with professional programmes, events, meetings and special projects and publications. The costs are incurred by the Institute, Specialist Groups and Branches and include both direct and indirect costs relating to these activities.

Direct costs are allocated on an actual basis to the relevant expense heading.

Governance costs include those costs incurred in the governance of the Institute and its assets and are primarily associated with constitutional and statutory requirements. Support costs and governance costs are reallocated to the relevant expense heading on the basis of staff numbers engaged in the relevant activity.

Debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised costs using the effective interest method.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Provisions for liabilities

A provision has been made for the estimate of costs for dilapidations which will be required at the end of the lease which has been capitalised in accordance with FRS102 and will be depreciated over the life of the lease to the Statement of Financial Activities.

A provision has also been made for the estimate of refunds that may be provided to customers pending the transition of stock held for ECDL registrations and tests to other BCS qualifications.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Financial Activities.

Research and Development

Expenditure on research is written off to the profit and loss account in the year in which it is incurred.

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed. This development expenditure is written off to the profit and loss account over a two year period from the date of completion of the project.

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NOTES (continued)

Taxation

The Institute, as a registered charity, is exempt from taxation on its income and gains falling within section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the period.

The profits of the non-charitable subsidiaries are normally gift aided to the parent Charity and any profit remaining is subject to a taxation charge. The charge for taxation is based on the result for the period. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Operating leases

The cost of operating leases is charged to the Statement of Financial Activities over the period to which they relate.

Fixed Assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The de-minimus capitalisation limit is £500. A provision is made for depreciation at a rate based on the estimated useful life of each class of asset. The rates currently in use are as follows:

Office and computer equipment	–	25% - 33% per annum on cost
Fixtures & fittings	–	10% per annum on cost
Short leasehold improvements	–	over the period of the lease

Investments

Investments in subsidiary, associate and joint venture undertakings are carried in the balance sheet of the Institute at cost, less any provisions for diminution in value.

Pensions

The Institute operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Institute in an independently administered fund. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it is incurred.

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NOTES (continued)

3 Detailed comparatives for the consolidated statement of financial activities

	General Fund 2016 £000	Restricted Fund 2016 £000	Total 2016 £000
Income and endowments from:			
Investments	61	-	61
Charitable activities:			
Membership and Other Professional Programmes	7,398	1,697	9,095
Qualifications and Examination Programmes	28,548	-	28,548
Publications	531	-	531
Other:			
Other income	94	-	94
	<u>36,632</u>	<u>1,697</u>	<u>38,329</u>
Net share of results of joint venture	257	-	257
Total income and endowments	<u>36,889</u>	<u>1,697</u>	<u>38,586</u>
Expenditure			
Charitable activities:			
Membership and Other Professional Programmes	9,023	1,877	10,900
Qualifications and Examination Programmes	25,429	-	25,429
Publications	301	-	301
	<u>34,753</u>	<u>1,877</u>	<u>36,630</u>
Total expenditure	<u>34,753</u>	<u>1,877</u>	<u>36,630</u>
Net (expenditure)/income before goodwill	2,136	(180)	1,956
Goodwill amortised	(194)	-	(194)
Net income	<u>1,942</u>	<u>(180)</u>	<u>1,762</u>

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NOTES (continued)

4 Income and expenditure

	Income	Staff costs	Other direct costs	Support Costs	Governance Costs	Charitable expenditure	Surplus/ (deficit) 2017	Surplus/ (deficit) 2016
	£000	£000	£000	£000	£000	£000	£000	£000
4 (a) Membership and Other Professional Programmes								
Membership	6,316	1,606	684	1,510	210	4,010	2,306	2,591
Member Groups	234	251	665	243	48	1,207	(973)	(806)
BCS Academy /Education	136	498	261	512	75	1,346	(1,210)	(465)
Corporate Events /Marketing	176	843	1,677	593	119	3,232	(3,056)	(2,945)
	<u>6,862</u>	<u>3,198</u>	<u>3,287</u>	<u>2,858</u>	<u>452</u>	<u>9,795</u>	<u>(2,933)</u>	<u>(1,625)</u>
Government Grants	1,563	245	1,442	-	-	1,687	(124)	(180)
	<u>8,425</u>	<u>3,443</u>	<u>4,729</u>	<u>2,858</u>	<u>452</u>	<u>11,482</u>	<u>(3,057)</u>	<u>(1,805)</u>
4 (b) Qualifications and Examination Programmes	<u>25,800</u>	<u>4,958</u>	<u>13,971</u>	<u>5,665</u>	-	<u>24,594</u>	<u>1,206</u>	<u>3,119</u>
4 (c) Publications								
Journals and books	523	-	291	97	-	388	135	301
	<u>523</u>	<u>-</u>	<u>291</u>	<u>97</u>	<u>-</u>	<u>388</u>	<u>135</u>	<u>301</u>
4 (d) Support and governance costs								
Support costs (note 5)	-	3,882	4,738	(8,620)	-			
Governance costs (note 5)	-	292	160	-	(452)			
	<u>-</u>	<u>4,174</u>	<u>4,898</u>	<u>(8,620)</u>	<u>(452)</u>			
Total expenditure 2017		<u>12,575</u>	<u>23,889</u>					
Total expenditure 2016		<u>11,470</u>	<u>25,160</u>					

BCS, The Chartered Institute for IT

NOTES (continued)

Membership income comprises:

	2017 £000	2016 £000
Membership Subscriptions:		
Subscriptions received during the year	6,002	6,067
Adjustments for subscriptions received in advance	31	88
	<hr/>	<hr/>
Net subscription income	6,033	6,155
Engineering Council	175	178
Other	108	108
	<hr/>	<hr/>
	6,316	6,441

5 Support Costs Allocation

	Staff Costs £000	Direct Costs £000	2017 Total £000	2016 Total £000
IT	1,231	1,394	2,625	2,906
Finance & Administration, HR	977	1,458	2,435	2,224
Premises	259	1,302	1,561	1,525
Offices Supplies and Equipment	-	107	107	99
Depreciation & Amortisation	-	308	308	175
Secretariat & Legal	231	86	317	278
General and Administration	1,476	243	1,719	2,445
	<hr/>	<hr/>	<hr/>	<hr/>
	4,174	4,898	9,072	9,652
Allocation to individual Charitable Activities	(3,882)	(4,738)	(8,620)	(9,185)
Governance costs allocated to individual Charitable Activities	(292)	(160)	(452)	(467)
	<hr/>	<hr/>	<hr/>	<hr/>
	(4,174)	(4,898)	(9,072)	(9,652)
Governance costs comprise:				
Secretariat	231	86	317	278
Audit	-	45	45	55
Governance legal costs	-	25	25	16
Apportionment of Directorate	61	4	65	118
	<hr/>	<hr/>	<hr/>	<hr/>
	292	160	452	467

Cost allocation includes an element of judgement and the Institute has had to consider the cost benefit of detailed calculations and record keeping. To ensure full cost recovery on projects the charity adopts a policy of allocating costs to the respective cost headings through the period. This allocation includes support costs where they are directly attributable. Therefore, the support costs shown are a best estimate of the costs that have been so allocated.

The above total support costs have been allocated to individual charitable activities on the basis of staff numbers engaged in the relevant activity as shown in note 4.

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NOTES (continued)

6 (a) Net income

	2017 £000	2016 £000
<i>Net income is stated after charging:</i>		
Audit of these financial statements	25	30
Amounts receivable by the auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	20	25
Other services relating to taxation	13	13
All other services	5	5
Depreciation and other amounts written off owned tangible fixed assets	208	193
Amortisation of intangible assets	100	164
Amortisation of goodwill	193	194
Hire of assets under operating leases	915	899
<i>and after crediting:</i>		
Rent receivable	(69)	(69)

6 (b) Other income

	2017 £000	2016 £000
Miscellaneous income	73	94

7 Staff numbers and costs

The average number of persons employed by the Group during the year was 309 (2016: 273). The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	10,760	9,985
Redundancy and ex-gratia payments	272	57
Social security costs	1,025	981
Other pension costs (see note 19)	518	447
	<u>12,575</u>	<u>11,470</u>

The termination benefits are for both redundancy and termination and were all settled during the year.

Remuneration of Trustees

No Trustees have received any form of remuneration for their services provided to the Institute or its subsidiary undertakings. During the year, 14 Trustees (2016: 12) were reimbursed for expenses of £27,997 (2016: £26,071) incurred for undertaking their duties and attending meetings on behalf of the Institute.

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NOTES (continued)

Employees

The number of employees whose emoluments for the period fell within each of the following bands is as follows:

	Total	2017 Institute	L&D	Total	2016 Institute	L&D
£280,000 – 289,999	1	1	-	1	1	-
£270,000 – 279,999	-	-	-	1	-	1
£240,000 – 249,999	1	-	1	-	-	-
£180,000 – 189,999	-	-	-	1	-	1
£160,000 – 169,999	1	1	-	-	-	-
£150,000 – 159,999	-	-	-	2	1	1
£130,000 – 139,999	1	-	1	-	-	-
£110,000 – 119,999	4	3	1	3	3	-
£100,000 – 109,999	1	1	-	4	2	2
£90,000 – 99,999	1	1	-	1	1	-
£80,000 – 89,999	2	-	2	4	1	3
£70,000 – 79,999	5	1	4	3	1	2
£60,000 – 69,999	6	4	2	4	2	2

The above analysis of emoluments excludes pension contributions of £119,939 (2016: £112,389) in respect of 22 (2016: 24) employees.

Key management personnel remuneration

The total employee benefits including pension contributions of the key management personnel were £1,899,435 (2016: £2,150,545).

8 Investment income

	2017 £000	2016 £000
Interest receivable on bank balances	1	61

9 Taxation

There is no UK corporation tax due for the period (2016: £nil). The Institute, as a registered charity is exempt from taxation on its income and gains falling within section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the period.

No tax is payable by its subsidiaries as any profits are gifted to the Charity.

There is no provided or unprovided deferred taxation for the period (2016: £nil).

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NOTES (continued)

10 Fixed assets

(a) Tangible fixed assets:

<u>Group</u>	Short leasehold improvements	Office and computer equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 September 2016	643	512	276	1,431
Additions	-	211	(10)	201
Disposals	(25)	(86)	(24)	(135)
At 31 August 2017	618	637	242	1,497
Depreciation				
At 1 September 2016	599	391	136	1,126
Charged for year	12	173	23	208
On disposals	(25)	(86)	(24)	(135)
At 31 August 2017	586	478	135	1,199
Net book value				
At 31 August 2017	32	159	107	298
At 31 August 2016	44	121	140	305
<u>Institute</u>	Short leasehold improvements	Office and computer equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 September 2016	543	431	274	1,248
Additions	-	211	(10)	201
Disposals	(25)	(86)	(24)	(135)
At 31 August 2017	518	556	240	1,314
Depreciation				
At 1 September 2016	497	313	135	945
Charged for year	12	172	23	207
On disposals	(25)	(86)	(24)	(135)
At 31 August 2017	484	399	134	1,017
Net book value				
At 31 August 2017	34	157	106	297
At 31 August 2016	46	118	139	303

The fixed assets are held for charitable activities.

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NOTES (continued)

(b) Intangible fixed assets:

<u>Group</u>	Goodwill £000	Product Development £000	Total £000
Cost			
At 1 September 2016	4,452	187	4,639
Additions	-	546	546
At 31 August 2017	4,452	733	5,185
Amortisation			
At 1 September 2016	2,064	187	2,251
Charged in year	193	100	293
At 31 August 2017	2,257	287	2,544
Net book value			
At 31 August 2017	2,195	446	2,641
At 1 September 2016	2,388	-	2,388

(c) Investments:

<u>Institute</u>	Shares in group undertaking £000	Participating interests £000	Total £000
At 1 September 2016	4,395	1	4,396
Additions	-	-	-
At 31 August 2017	4,395	1	4,396

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NOTES (continued)

The undertakings in which the Institute's interest at the period end is more than 20% are as follows:

	Company Registration	Country of incorporation	Principal activity	Direct/ Indirect	Class and percentage of shares held
Subsidiary undertakings					
Activ Training Limited	03123597	England and Wales	Dormant	Direct	100% of ordinary shares
BCS Learning & Development Limited	01005485	England and Wales	Publications, Conferences & Consultancy	Direct	100% of ordinary shares
Institute for the Management of Information Systems	01160852	England and Wales	Examinations & Standards	Direct	100% limited by guarantee
BCS ITEXT Limited	02624911	England and Wales	Dormant	Direct	100% of ordinary shares
Information Systems Examination Board Limited	02474836	England and Wales	Dormant	Indirect	100% limited by guarantee
i-2-K Limited	04231899	England and Wales	Dormant	Direct	100% of ordinary shares
Communications Management Association	02238045	England and Wales	Dormant	Direct	100% limited by guarantee
Institute for Communications Arbitration and Forensics	04452710	England and Wales	Dormant	Indirect	100% limited by guarantee
ICAF Limited	04227423	England and Wales	Dormant	Indirect	100% of ordinary shares
Associated undertakings – joint ventures					
ITEXT Limited	02717318	England and Wales	Production of Publications	Direct	50% of ordinary shares & 100% of preference shares
Activ Educate Limited	06343657	England and Wales	E-learning Software	Indirect	50% of ordinary shares
Associated undertakings – associates					
SFIA Foundation	04770377	England and Wales	Skills Framework	Direct	20% limited by guarantee

The Institute holds the following other investments:

European Computer Driving Licence Foundation (ECDL-F)		Ireland	IT Examinations Licensing Body	Direct	3% limited by guarantee
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The amounts included in respect of joint ventures/associates comprise the following:

Group

<i>Joint venture/associates</i>	2017 £000	2016 £000
Investment in joint venture:		
– share of gross assets	3	3
– share of gross liabilities	(2)	(2)
	<u>1</u>	<u>1</u>

11 Debtors

	Group 2017 £000	Institute 2017 £000	Group 2016 £000	Institute 2016 £000
Trade debtors	2,468	844	4,007	853
Prepayments and other debtors	1,137	1,057	1,394	689
Amounts owed by group undertakings	-	1,401	-	3,717
	<u>3,605</u>	<u>3,302</u>	<u>5,401</u>	<u>5,259</u>

12 Creditors

	Group 2017 £000	Institute 2017 £000	Group 2016 £000	Institute 2016 £000
Trade creditors	1,015	531	2,008	569
Other creditors	144	73	800	443
Accruals	1,044	716	2,775	1,088
Deferred income (note 13)	3,624	3,387	3,671	3,278
Amounts owed to group undertakings	-	-	-	58
	<u>5,827</u>	<u>4,707</u>	<u>9,254</u>	<u>5,436</u>

13 Deferred income

Deferred income comprises advance income for extended membership periods including life membership, sales of consultancy, training and examinations for which the relevant service income has yet to be earned at the year end.

Group

	Events Income £000	Life Membership £000	Annual Membership £000	Examinations Income £000	Consultancy and Training £000	Total £000
Balance at 1 September 2016	57	148	3,073	171	222	3,671
Amounts released to incoming resources	(57)	(30)	(2,900)	(171)	(219)	(3,377)
Amount deferred in year	10	39	3,047	165	69	3,330
Balance at 31 August 2017	<u>10</u>	<u>157</u>	<u>3,220</u>	<u>165</u>	<u>72</u>	<u>3,624</u>

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NOTES (continued)

<u>Institute</u>	Events Income £000	Life Membership £000	Annual Membership £000	Examinations Income £000	Consultancy and Training £000	Total £000
Balance at 1 September 2016	57	148	3,073	-	-	3,278
Amounts released to incoming resources	(57)	(30)	(2,900)	-	-	(2,987)
Amount deferred in year	10	39	3,047	-	-	3,076
Balance at 31 August 2017	10	157	3,220	-	-	3,387

14 Provisions for liabilities

<u>Group</u>	Dilapidation Provision £000	Stock Transfer £000	Total £000
Balance at 1 September 2016	519	-	519
Increase in provision	-	292	292
Balance at 31 August 2017	519	292	811

<u>Institute</u>	Dilapidation Provision £000	Stock Transfer £000	Total £000
Balance at 1 September 2016	519	-	519
Increase in provision	-	-	-
Balance at 31 August 2017	519	-	519

The dilapidation provision relates to the leasehold properties held by the Institute and is the Trustees best estimate of the cost of the work which it is required to perform either during or at the end of the lease.

The stock transfer provision relates to registration and test stock held by customers where refunds may be provided pending transition to other BCS Qualifications.

15 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed assets	2,939	-	2,939
Investments	1	-	1
Net current assets	8,673	1,294	9,967
Non-current liabilities	(811)	-	(811)
Net assets at the end of the year	10,802	1,294	12,096

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NOTES (continued)

16 Funds

	2016	Incoming Resources	Outgoing Resources	Net share of results of joint ventures	2017
	£000	£000	£000	£000	£000
<u>Group</u>					
General Fund	12,225	33,259	(34,970)	288	10,802
Restricted Fund					
- Network of Teaching Excellence	668	1,194	(1,038)	-	824
- Scotland Computing at Schools	-	47	(5)	-	42
- Computing at Schools	246	-	(98)	-	148
- Countdown to Computing	132	-	(59)	-	73
- Barefoot Computing	209	-	(111)	-	98
- Scholarship Scheme	-	126	(114)	-	12
- Quantum	163	-	(66)	-	97
- Gatsby Foundation	-	196	(196)	-	-
Total Funds	1,418	1,563	(1,687)	-	1,294
	13,643	34,822	(36,657)	288	12,096
<u>Institute</u>					
General Fund	13,736	8,565	(9,795)	-	12,506
Restricted Fund					
- Network of Teaching Excellence	668	1,194	(1,038)	-	824
- Scotland Computing at Schools	-	47	(5)	-	42
- Computing at Schools	246	-	(98)	-	148
- Countdown to Computing	132	-	(59)	-	73
- Barefoot Computing	209	-	(111)	-	98
- Scholarship Scheme	-	126	(114)	-	12
- Quantum	163	-	(66)	-	97
- Gatsby Foundation	-	196	(196)	-	-
	1,418	1,563	(1,687)	-	1,294
Total Funds	15,154	10,128	(11,482)	-	13,800

The restricted fund relates to the government grants received under the Network of Teaching Excellence, Scotland Computing at Schools, Computing at Schools, Countdown to Computing, Barefoot Computing, Digital Education Scotland, Computer Science Teaching Scholarship, Quantum and Gatsby Foundation schemes.

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NOTES (continued)

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017		2016	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Within 1 year	833	29	803	41
Within 2 to 5 years inclusive	1,154	5	1,952	20
After more than 5 years	-	-	-	-
	<u>1,987</u>	<u>34</u>	<u>2,755</u>	<u>61</u>

18 Capital commitments

There were no capital commitments at 31 August 2016 and 2017.

19 Pensions

The Group operates two pension schemes arranged through Standard Life and Scottish Widows. Both schemes invest contributions individually in the name of each scheme member. Members receive individual valuations of their own fund on an annual basis.

The Standard Life scheme is a defined contribution arrangement to which the member and the employer contribute 2 - 9% of scheme earnings. The Group recognises the cost of contributions when they fall due. The pension costs charge for the period represents contributions by the Institute to the fund and amount to £518,000 (2016: £447,000). There are no outstanding or prepaid contributions at the balance sheet date.

The Scottish Widows scheme is closed to new members and there are no current employees contributing to the scheme.

20 Related party disclosures

The Institute has a 50% share in the joint venture ITEXT Limited and wholly owned subsidiaries BCS Learning & Development Limited and the Institute for the Management of Information Systems. The Group has taken advantage of the exemptions not to disclose any transactions with its wholly owned subsidiaries conferred by the FRS 102 reduced disclosure framework, on the grounds that the subsidiaries' results are included in the consolidated results of the Group.

The transactions between the Institute and ITEXT Limited, the joint venture referred to in note 10, are as follows:

- i) The Institute received income during the period of £287,738 (2016: £257,010) being the covenanted 50% share of the pre-tax profits of ITEXT Limited and £20,000 (2016: £20,000) rental income;
- ii) The Institute purchased publications of £124,881 (2016: £130,881) from ITEXT Limited.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

BCS, The Chartered Institute for IT

NOTES (continued)

21 Operating results of subsidiary undertakings

Institute for the Management of Information Systems

On 5 June 2013, the Institute acquired controlling interest in The Institute for the Management of Information Systems (IMIS). IMIS is a registered charity (number 291495) and a company limited by guarantee. Its objectives are to advance the interests of the data processing profession and its members.

A summary of its trading results is shown below:

	2017	2016
	£000	£000
Statement of financial activities		
Incoming resources	39	70
Resources expended	(34)	(68)
Interest receivable	-	-
	<hr/>	<hr/>
Net movement of funds	5	2

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	390	397
Creditors amounts falling due within one year	(9)	(21)
	<hr/>	<hr/>
Total net assets	381	376
	<hr/>	<hr/>
Reserves	381	376

Activ Training Limited

The wholly-owned trading subsidiary Activ Training Limited, which is incorporated in the United Kingdom, was acquired by BCS Learning & Development Limited via Purchase agreement dated 17 August 2015 and all trade and assets were transferred at that date.

A summary of the trading results is shown below:

	2017	2016
	£000	£000
Summary profit and loss account		
Turnover	-	-
Cost of sales and overheads	-	-
Development costs	-	-
Interest receivable	-	-
	<hr/>	<hr/>
Net profit	-	-

BCS, The Chartered Institute for IT

NOTES (continued)

The amount of gift aid to the Institute in 2016/17 was £nil (2015/16: £nil).

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	16	16
Creditors: amounts falling due within one year	-	-
Provisions for liabilities	-	-
	<hr/>	<hr/>
Total net assets	16	16
	<hr/>	<hr/>
Aggregate share capital and reserves	16	16
	<hr/>	<hr/>

BCS Learning & Development Limited

The wholly-owned trading subsidiary BCS Learning & Development Limited (BCS L&D), which is incorporated in the United Kingdom, pays its profits to the Institute by gift aid. From 1 September 2012, BCS L&D undertakes qualifications and publications activities on behalf of the Institute. The Institute owns the entire issued share capital of fifty thousand ordinary shares of £1 each. A summary of the trading results is shown below:

	2017 £000	2016 £000
Summary profit and loss account		
Turnover	26,285	29,009
Cost of sales and administrative expenses	(24,948)	(25,663)
Interest paid	-	-
	<hr/>	<hr/>
Net profit	1,337	3,346
	<hr/>	<hr/>

The amount of gift aid to the Institute in 2016/17 was £1,337,084 (2015/16 £3,346,634).

The assets and liabilities of the subsidiary were:

Fixed Assets	447	2
Current assets	2,856	7,758
Creditors: amounts falling due within one year	(3,197)	(7,654)
	<hr/>	<hr/>
Total net assets	106	106
	<hr/>	<hr/>
Aggregate share capital and reserves	106	106
	<hr/>	<hr/>

BCS, The Chartered Institute for IT

NOTES (continued)

22 Financial activities of the charity

A summary of the financial activities undertaken by the Institute is set out below:

	2017	2016
	£000	£000
Gross incoming resources	10,127	12,795
Total expenditure on charitable activities	(9,795)	(9,023)
Restricted fund expenditure	(1,687)	(1,877)
Investment income	1	61
Net incoming resources	(1,354)	1,956
Total funds brought forward	15,154	13,198
Total funds carried forward	13,800	15,154
Represented by:		
General fund	12,506	13,736
Restricted fund	1,294	1,418
	13,800	15,154