

**BCS, The Chartered Institute for IT**

**Annual Report and Consolidated Financial Statements**

**Year ended 31 August 2016**

Registered charity number 292786

# 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** – R J Long CEng FBCS CITP

**Deputy President** – P Martynenko FBCS

**Immediate Past President** – J Creese FBCS

#### Vice-Presidents

T Abram FBCS CITP (to 9 March 2016)

G Arnold MBCS (from 9 March 2016)

P Bourne MBCS (from 21 January 2016)

M V Cooper FCA FBCS

J H Davenport FBCS CITP

R G George OBE FBCS CITP

J Magee FREng FBCS CITP

M J Norton FREng FBCS CITP (to 7 October 2015)

I Thompson CEng FBCS CITP

#### Chair of Council:

K Roosen FBCS

#### Elected by Council:

C Andrews CEng FBCS CITP (to 9 March 2016)

D Copleston FBCS

T Crick CEng CSci FBCS

M Ross MBE CEng CSci HonFBCS CITP

J McCafferty CEng FBCS CITP (from 19 May 2016)

### EXECUTIVES

**Group Chief Executive** - P Fletcher FBCS

**Group Finance Director** – R Deri FCA MBCS

**Director – Group Marketing Director** – H Fisher AMBCS

**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

**Chief Executive, BCS L&D Limited** - J Buttriss FBCS

**Deputy Chief Executive, BCS L&D Limited** – L Ireland

### MEMBERS OF COUNCIL

K Roosen FBCS

P Burton FBCS CITP

S De Silva FBCS CITP

D P Alvares MBCS CITP

C Boldyreff FBCS CITP

J Brookes CEng FBCS CITP

P Clarendon MBCS

D Copleston FBCS

T Crick CEng CSci FBCS

I-S Fan MBCS

H Fletcher CEng MBCS CITP

P Fletcher FBCS - Chief Executive

I Glendinning CEng FBCS CITP

R G Johnson CEng FBCS CITP

R Kaur FBCS CITP

L Keighley CEng FBCS CITP

J McCafferty CEng FBCS CITP

J A Mitchell CEng FBCS CITP

A Moattari FBCS CITP

L Ojuwu MBCS

D Rippon CEng FBCS CITP

M Ross MBE CEng CSci HonFBCS CITP

C Smythe CEng FBCS CITP

I Sunley CEng FBCS CITP

A G Williamson CEng FBCS CITP

H Wu MBCS

### PAST PRESIDENTS

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 Morriss

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 Mountbatten 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 †

### DISTINGUISHED FELLOWS

M Lane Fox, Baroness Lane-Fox of Soho CBE

Dame Wendy Hall DBE

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

W 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

# BCS, The Chartered Institute for IT

## PRESIDENT'S MESSAGE

Becoming President of the Institute, as it approaches its 60th anniversary, is an immense honour and it is truly inspiring to see and experience first-hand the enthusiasm and activities of our communities.

Information Technology lies behind almost everything that happens in society today and the pace of change is dramatic. Our world would not be recognisable to those who came together to form the organisation in 1957 and it is incredible to think that the four most valuable companies in the world are technology businesses; two of them didn't even exist 18 years ago.

At the heart of BCS is our purpose - "making IT good for society". Given that technology really does touch every part of our lives, the work of the Institute is as important and relevant today as it has ever been. Over half way through my term as President, I am struck by the breadth of engagement with our members, specialist communities, government, education, industry and students. It is really inspiring to experience first-hand our purpose being delivered by so many people and none of this is possible without the hard work and dedication of our many volunteers, dedicated employees and executive teams.

In fulfilling our Royal Charter, we are focused on the following:

**IT professionals** – supporting the professional IT community, ensuring it is trusted, accountable, capable and engaged in our purpose;

**Organisations** – developing a community of businesses, charities and public sector organisations that support our purpose in the short term, while driving best practice for the longer term;

**Educational organisations** – developing a community to ensure all young people in the UK have an outstanding computing education;

**Society** – engaging and inspiring leaders, ambassadors and supporters in society to help inform public policy and ensure that everyone benefits from IT;

**International** – making ourselves globally relevant to drive long-term influence on an international stage; and

**Our staff and volunteers** – creating and clarifying roles and responsibilities, supporting a culture of change and embodying our purpose.

The Institute has outlined four key challenges around Education, Capability, Personal Data and Health & Care and it is pleasing to see that great strides have already been made in each area.

### Education

We want every child to have an outstanding computing education taught by outstanding teachers, everyone to have the skills needed to thrive in this digital age, and everyone to have the best possible qualifications that develop those skills. Our 'Computing At School' group (CAS), through the Network of Teaching Excellence in Computer Science (NoE), is now a national community of professional practice which is having proven impact at scale. In the last six months alone it has provided over 15,000 hours of Continuing Professional Development (CPD) to over 4,200 teachers in over 2,000 schools. Over the last four years the NoE has provided over 80,000 instances of CPD to over 35,000 teachers through formal training events, mentoring, coaching, peer observation of practice, and peer partnering with development of resources and assessment.

Our support to teachers means that every single week more than one million children in schools have a far better computing education than would otherwise have been possible. Our Barefoot Computing project, in partnership with BT and initially funded by the Department for Education, continues to grow. The programme supports primary school teachers to teach the new computing curriculum and, to date, there are 26,504 registered on the website and 117,687 downloads of resources have taken place.

We have also carried out a review of university accreditation and supported the Shadbolt review aimed at improving the employability of computing graduates. And we have increased our involvement with talented and passionate students from universities throughout the UK who are the next generation of IT professionals. I am delighted that we have significantly increased engagement with 32 student chapters now going strong, running over 60 events involving over 1,000 students.

# BCS, The Chartered Institute for IT

## PRESIDENT'S MESSAGE (continued)

### Capability

Supporting our members and the wider IT community is fundamental to our success. In 2015 we launched the Register of IT Technicians (RITTech) in partnership with The Gatsby Foundation and already have over 300 Technicians registered. We also entered the apprenticeships market and are the only apprenticeship end-point assessment and awarding body dedicated to IT and the digital industries.

BCS Learning & Development worked with over 2,500 approved training centres and delivered digital skills across multiple markets worldwide. Not only that, we certified in excess of 105,000 IT professionals, delivered 200 SFIaplus consultancy days and certified over 16,000 Business Analysts.

Organisations recognise that their greatest asset is their people. BCS is partnering with organisations to help them clarify roles and accountabilities, and understand the key decisions that drive IT performance through the use of SFIaplus and associated services. This year, we worked with various multinational organisations like TUI Group, the largest multinational leisure and travel company in the world, as well as St James Wealth Management, Leaseplan and Domestic & General. We also took part in quarterly meetings with government to discuss how to support change in the public sector.

Further, we are developing clear professions across our portfolio, including Business Analysis, Agile and Project Management, as well as developing areas such as IT Asset Management and Service Integration and Management. This year we also launched our International Advanced Diploma in Business Analysis and expanded our international reach with strategic partnerships with EXIN and the International Institute of Business Analysis.

### Personal Data

It is vital that use of personal data works for people and the wider society as well as businesses and organisations – with the best outcomes for the most people and with the least risk and harm. BCS wants to be seen as the leader in raising awareness and generating sustained conversations in wider society and Parliament. In our YouGov-commissioned survey, 89% of people told us that they want more control over what data an organisation collects about them online and what it uses this data for. This is a complex issue which we need to get right for everyone.

We have published our initial vision document, produced in partnership with CtrlShift, setting out our beliefs and aims relating to safety, integration and relationships in the personal data field. We have also been convening the conversations that can start to make our visions a reality through expert policy workshops and roundtables, our political party conference fringe events, and wide consultation throughout the personal data expert community, garnering opinion and input to drive our mission forwards.

### Health & Care

Health & Care is a challenging sector as collaboration between disciplines and organisations is so difficult; however, it is something we are passionate about and therefore we are working hard to make this happen by collaborating with the Institute of Health Records and Information Management, the Chartered Institute of Library and Information Professionals, the Society of Information Technology Management and the Royal Colleges in the establishment of a professional registration for health informatics. As part of this, we had early input into the 'Making IT work: harnessing the power of health information technology to improve care in England' review, hosting a dinner bringing Professor Wachter together with key stakeholders which led to the recommendation that we help create and certify clinician training.

Our aim is to help make the most of opportunities that digital technology opens up and to create an environment centred on individuals; leading the co-production to create a person-centred health and care environment, underpinned by integrated health and care, which will enable citizens to experience a service based around their needs, empowering health and care professionals with the information they need. We have so much work to do and I look forward to our future plans evolving to help us achieve 2,000 new members in the healthcare market.

# BCS, The Chartered Institute for IT

## PRESIDENT'S MESSAGE (continued)

Many IT projects still fail to deliver and often on a grand scale. In order to bring more attention and focus to this crucial area my theme for the year has been driving up the success of IT projects. We already know the critical factors in delivering successful outcomes: the right people, leadership, behaviours and choices. I am grateful to all who have engaged with me on this subject and who share my vision of a time when no IT project needs to fail unless it chooses to ignore the factors which lead to success.

We ran a phenomenal 596 events this year in our member group communities plus 14 corporate events and seven exhibitions. These events covered every segment of our membership from Freshers' Fayres run by our student chapters and BCS Voices events, to the oversubscribed 'Internet and Me' Turing Lectures which we ran jointly with the IET in Belfast, Cardiff, Manchester and London. The 45th UK IT Industry Awards was our largest yet with over 566 entries across all categories. The quality and standard meant that there was a very high calibre of finalists, with 25 winners chosen by 67 judges. And recently I was privileged to attend the graduation ceremonies and IT Awards events in Sri Lanka and Mauritius, where our international activities continue to flourish.

BCS's publishing activities continue to look forward. A well-received special edition of member magazine ITNOW in September 2016 focused on the four challenges, outlining each one with thought-provoking content. Our academic titles continue to prosper and 2016 also saw the release of four new books. A further seven are being readied for the first half of 2017.

I thank my fellow Trustees for all their dedication and commitment. I recognise that our success depends very much on the loyalty and hard work shown by all our Honorary Officers, members of Boards, Committees and Member Groups, volunteers and the BCS Executive teams and staff – I am grateful to them all.

IT has changed our world for the better and I have been thrilled to be involved in such a force for good. As IT professionals, our skills are in demand wherever we go; I urge all our members to use them well, as together we continue to make IT good for society.

**Ray Long CEng FBCS CITP**  
**President 2016-17**  
**23 November 2016**

# **BCS, The Chartered Institute for IT**

## **GROUP CHIEF EXECUTIVE'S REPORT**

I am pleased to report that we continued to make much positive progress during 2015/16 in our mission of making IT good for society.

Again, BCS achieved encouraging financial result for the second consecutive year with total income increasing by 9% to £38,329k (2015: £35,165k) and a Net Movement in Funds of £1,762k (2015: £2,871k). This increase in income allowed us to make some significant investments in our products, systems and infrastructure so that we can operate far more effectively and react more quickly to the fast pace of change we see in today's world, while still making a significant contribution to the Charity's reserves during the year.

We have successfully installed a completely new finance and back office system, a new telephony system and have commissioned an updated payroll and HR system. Investment in our IT infrastructure continues and we remain on track to deliver a new customer relationship management system in 2017 providing a much-enhanced member experience, improved communications and greater efficiencies across the organisation. The cloud based nature of these new systems has also served to reduce business risk. A website and content management development project is also underway which will significantly improve the on-line experience for all our stakeholders and better position us in a mobile world.

In BCS Learning & Development (L&D) we continued to invest in new products, like our Business Analysis syllabus. We also made investments in systems to improve efficiency, for example in how we scan and submit examination papers using mobile technology. Our digital assessments continued to grow in UK schools, providing some of the funds that allows the Institute to invest.

We rely on our committed and engaged membership and our measure of engagement, the Net Promoter Score, improved by another two points indicating that the new strategies are starting to have a positive impact with members and this now provides a positive platform from which we can look to sustainably grow the membership base.

In the policy area, we made significant progress with our four challenges of Health & Care, Education, Personal Data and Capability. As illustrations, we participated in the Wachter Review into digitisation of the Health Service, we saw massive growth in the number of students choosing the Computer Science GCSE that we helped to develop, held fascinating debates on personal data and continued to grow our number of student chapters and Register of IT Technicians.

It is without doubt that our economy requires highly skilled IT professionals to thrive. The challenges of economic growth and trade have been brought into sharp focus through Brexit which makes our work more crucial and relevant than ever – whether it is delivering accreditations for IT apprenticeships, standards, providing professional development and career support, working with schools and teachers or responding to government consultations. The work we do and its impact on society is growing.

I would like to record our thanks to Philip Jones who retired after serving 25 years as Group Finance Director - we all wish him well in his retirement and welcome our new Group Finance Director, Robert Deri who joined in January 2016. I would like to thank all our members, staff and volunteers who provide such dedicated service to the Institute and to IT generally.

**Paul Fletcher FBCS**  
**Group Chief Executive**  
**23 November 2016**

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT**

The Trustees' Report covers the activity of the Institute for the year ended 31 August 2016.

### **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 2016 and 2015 is shown below:

	<b>Number of Members</b>	
	<b>2016</b>	<b>2015</b>
Fellows	3,250	3,251
Members	39,012	41,126
Associate members	16,470	15,172
Companions	6	6
Students	10,383	11,562
Affiliates	1,904	2,101
	<hr/>	<hr/>
	71,025	73,218
	<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.

Society is increasingly dependent on IT and technology lies behind almost everything we do. The pace of change seems to be increasing year on year and we must, therefore, respond and adapt quickly to be continually relevant to the world we now live in. 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 dependent 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**

As mentioned in the President's message the Institute has outlined four key challenges around 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 and we have a vital role in informing public policy on how IT can contribute to society as well as championing the global IT profession.



# BCS, The Chartered Institute for IT

## **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 career support needed. Our branches and specialist 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, certifications and career ladders for IT professionals. The IT skills shortage is a serious issue and there are too few people entering the industry. Through early career activities such as our student chapters to the development of the Register of IT Technicians and the accreditations of apprenticeship programmes, we can make a material difference.

As we approach our 60th birthday in 2017, we believe we are well positioned to deliver against our Royal Charter and be continually relevant in a rapidly changing world.

## **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 5.

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 Jeff Magee**

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 Jeff Magee of Imperial College is the Chair. The Computing At School group (CAS) is a major part of the Academy.

#### *CAS Membership reaches 24,000:*

CAS membership reached over 24,000 in August 2016. Over 80% of members are schoolteachers, the rest are IT professionals and university academics. There are now 215 local CAS Hubs, where teachers meet regularly to share and develop teaching practice. There are over 3,700 online resources available on the CAS website.

#### *BCS Teaching Scholarships:*

The DfE have again awarded the grant to run teaching scholarships for trainee computing teachers to BCS for the period 2016/17, where each scholarship is worth £25,000 and is tax free. The scheme is run with 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. This year DfE awarded the NoE a grant of £2.4m over two years 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. Over the last three years the NoE has provided an estimated 56,000 instances of professional development to teachers across England.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

### *Tenderfoot Computing project:*

Google provided CAS with a £250k grant over two years to create a suite of CPD resources for CAS Master Teachers to use as part of the NoE. This grant is now in its final year.

### *Barefoot Computing project:*

In March 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 project has now run over 1100 workshops across England. The Barefoot website now has over 33,000 registered users (including 26,504 primary school teachers), who have downloaded over 110,000 classroom resources.

### *Barefoot Computing in Scotland:*

The Barefoot Computing project was extended to Scotland in September when the Deputy First Minister John Swinney launched the project. Over two thousand primary schools in Scotland were written to by Mr Swinney to encourage them to engage with the scheme.

### *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 BEIS commissioned review of Computer Science degree accreditation chaired by Sir Nigel Shadbolt. This has resulted in a range of recommendations BCS is now implementing to reform our degree accreditation offered to universities.

## **Membership Board**

**Vice-President: Iain Thompson**

Membership Board has responsibility for the strategic oversight of all aspects of membership including recruitment, retention, member benefits and communications: broadening the membership in all areas of activity in IT and computing. Membership Board works through three key committees, covering finance, policy, and sharing best practice amongst Member Groups.

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 55 events each month on a vast range of computing-related topics, engaging members both in the UK and around the globe. The BCS Health 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 Membership Board.

Membership Board has over the year continued to develop strategic thinking around communities that make IT good for society, and has spearheaded the dialogue with volunteers and members about this strategic direction. This has involved presentations and workshops at Member Groups conventions – and a 'BCS Voices' pilot session at the spring convention – as well as senior staff, trustees, and members of the board discussing the organisation's direction at branches and specialist groups.

Membership Board has, after consultation and dialogue with the volunteer community, introduced a new digital accessibility role for Member Group committees; raising the profile of this important issue amongst volunteers. Student chapters have continued to grow in number, and along with the Young Professionals Group has been an area of particular interest and attention from the board, resulting in new activities taking place in this group. Students from the chapters also took part in a workshop at NHS Digital in Leeds, and an 'IT Impact' event, demonstrating that the coming generations that share the organisation's values have a huge contribution to make to the mission of BCS both now and in future.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

BCS Health has played a pivotal role in the development of health strategy in the UK; raising important debates, contributing to the Wachter Review of NHS digital strategy in England, as well as hosting and participating in a range of local and national events. BCS is continuing to contribute towards the development of a new cadre of professionals in health informatics, part of a broader multi-disciplinary movement that includes clinical and non-clinical professionals with a desire to build digital health and care around individuals.

### **Professionalism Board**

**Deputy President & Chair: Paul Martynenko**

The purpose of Professionalism Board is unchanged: to achieve recognition for the IT profession, promoting standards for IT professionals and the profession both nationally and internationally, and having oversight of admission of members to the Institute, and professional registers consistent with BCS status as a licensing body. The Board has declared its mission to establish an IT profession which is valued for the benefit it provides to its stakeholders.

The Board's objectives and achievements during the year are summarised below:

- A. *To have an operational career ladder which includes standards at SFIA levels 3, 5 and 7 within 5 years and accelerate the incorporation of next practices into the standards, so that it becomes 'business as usual' within 5 years*

BCS has added to its portfolio of standards this year with the launch of the standard for Registered IT Technician (RITTech) in November 2015. This standard is assessed against competence described in the Skills Framework for the Information Age (SFIA) at level 3 and joins the standard for Chartered IT Professionals which is assessed against criteria in the framework at level 5.

The agreement allowing the Irish Computer Society to admit its members to the CIP register was extended for a further period in March. The status is also awarded under licence by The IET and the Institute for IT Professionals New Zealand. Holders of IT Specialist and Architect certifications awarded by the Open Group can be fast tracked to award and applicants for CESG Certified Professional status awarded by BCS can undertake a joint assessment for dual award of CIP status.

Routes to registration as a Registered IT Technician include:

1. an experiential assessment by BCS and
2. evidencing successful completion of accredited work based study and training undertaken as part of an apprenticeship programme.

BCS has accredited apprenticeship programmes offered by Just I.T. Training Ltd and will be able to accept applicants who have completed apprenticeship programmes where BCS Learning and Development Ltd or City and Guilds of London Institute have carried out the final assessment.

Further accredited routes to admission to the Register of IT Technicians are being investigated.

- B. *To have sufficient influence over SFIA so that it underpins our standards (keeping up with the required pace of change)*

Through engagement with CEPIS the Institute remains engaged to ensure SFIA and especially SFIPlus remains relevant now that the European Competency Framework (eCF) has been approved as a European Standard.

- C. *Improve participation in the Profession through operating a network of stakeholders who promote Professionalism in IT; ensure chartered and professional status is widely recognised as a hallmark of competence and employers to consider BCS professional qualifications to be a pre-requisite for recruitment and development.*

A key activity in delivering against this objective is engagement with employers of IT professionals through the Institute's Organisational Membership product. This product offers employer bodies engagement opportunities alongside membership for their IT staff thereby encouraging adoption of professional behaviour by IT Practitioners. Entry to the CIP and RITTech registers is also encouraged through these agreements.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

Supported by its sub-committee the Board has reviewed BCS policies related to the Institute's awarding body responsibilities for Chartered status and Professional membership and has reviewed Trustee Board Regulations Section II – Classes of membership and Schedule 1 – Membership Assessment Scheme. The definitions for the standards owned and regulated by BCS are contained in Trustee Board Regulations Section II – Classes of membership.

### **Policy & Public Affairs Board**

**Vice President: Rebecca George OBE**

The purpose of the Policy and Public Affairs Board (PPAB) is to oversee the fulfilment of the Institute's mission in areas of externally facing policy affecting the profession and wider society.

The major role for the board is to develop a coordinated approach to development, promotion and maintenance of the Institute's public policy so that it can:

- Fulfil the Charter objectives, ensuring that IT makes the maximum contribution to society – in this case through public and professional policy.
- Help build the reputation and standing of the Institute, its members, and the profession, serving that wider aim.
- Ensure that Institute meets the highest expectations of quality and relevance in its public policy development and furtherance of the resulting positions.
- Work inclusively; building a collective voice that is truly reflective of the profession's makeup and expert view, without undue influence by any special interest or viewpoint.
- Maintain a governance role ensuring that the Institute's policies are exemplars of robust but rational debate where the evidence and quality of the argument always beats the quantity or volume.

During the year, PPAB has continued with its programme of work under the headings of Inclusion, Next Practice and Profile and Recognition.

#### *Inclusion:*

The Inclusion Community of Expertise has continued its support for improved diversity and inclusivity in the IT profession through active participation and support of a range of initiatives, including the Engineering Diversity Concordat, the STEMM Disability Advisory Committee, the Science Council Declaration on Diversity, InterEngineering and our own unconscious bias programme.

#### *Profile and Recognition:*

This year has seen a review of our engagement activities in line with the introduction of the 'BCS Challenges'. Following a review of our stakeholder relationships, we have engaged on a programme of more direct and targeted activity. Through this we have garnered support for our Challenges and their messaging via numerous meetings with Ministers, parliamentarians and civil servants. Alongside this proactive approach we have maintained the reactive responses to consultations, with 16 submissions this year.

The Institute once again hosted fringe events at political party conferences for Labour, Conservative and Scottish National Parties, with two separate event themes. Firstly, discussing the role of data in our health and care system and a second theme considering the transformative role of social media in politics.

Our Internet of Things research project working with IoTUK and Rand Europe has concluded with the report published in autumn 2016. The findings seek to provoke discussion of IoT implications across policy communities, including government, policymakers (national and local), innovators, industry, academia and the public.

Our Security focussed work has also continued this year with identity assurance workshops once again running at major international forums throughout the year, including EURO-DIG in Brussels and the UN IGF in Brazil, as well as publication of a fifth annual "Aspects of Identity Yearbook" for 2015-16.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

In the health and care arena, BCS continues to collaborate with IHRIM, CILIP, Socitm and the Royal Colleges in the establishment of a professional registration for health informatics, representation on the National Information Board Domain G Project Board and the Faculty of Medical Informatics Advisory Board. We also continue to play a key role in the development of accreditation standards for the clinical informatics community, as part of Professor Robert Wachter's Review 'Making IT Work'.

### *Next Practice:*

The Board has continued to support and integrate with the engagement activities of Professionalism Board; increasing BCS relevance and focussing on making IT good for society in line with the BCS Challenges by hosting further IT Impact events and numerous policy workshops with key stakeholders discussing the Challenge issues surrounding in particular Personal Data and Capability.

### **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 for professionals employed in the IT profession and ensure any risks to BCS in this role are mitigated.

During the past year the Committee has:

- Launched the BCS standard for Registered IT Technician in November 2015. Routes to award have been designed so that individuals with accredited prior learning and certification of competence may join the register without the need for further assessment. Registration does require membership of a body licenced to award the status and agreement by the individual to adhere to an approved code of conduct.
- Commenced an appraisal of the Chartered IT Professionals standard. The objective is to address any issues having a negative effect on demand. The level of competence needed for award has been benchmarked against comparable standards including Chartered Engineer, Chartered Manager and Chartered status awarded by the Chartered Institute of Library and Information Professionals. CITP is broadly on a par with these standards.
- Maintained oversight of all regulatory policies covering the award of Chartered IT Professional status and Registered IT Technician.

Licence agreements for the award of Chartered IT professional status are in place with The Institute of IT professionals New Zealand, the Irish Computer Society, the IET, IBM UK Ltd and AWE plc. The OpenCITS and Open CA certifications awarded by the Open Group and CESG Certified Practitioner certifications awarded by BCS are accredited for partial remission against the criteria for award of CITP.

### **Risk Audit and Finance Committee**

**Vice-President Finance: Michael Cooper**

The principal objective of the Risk Audit and Finance Committee (RAF) are to:

- provide additional assurance on the quality and reliability of the financial information used by the Trustee Board and the financial statements issued by the Institute;
- Review policies and procedures operated for both financial and risk management control
- 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 Institute and its subsidiaries.

In July 2016, Trustee Board ratified the committee's name change from Audit and Risk Committee (ARC) to Risk Audit and Finance Committee and the creation of a Finance sub-committee to allow for greater scrutiny of financial areas following the growth of the organisation.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

The policy of the Risk Audit and Finance Committee 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.

RAF held three 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.

### **BCS Council**

**Chair: Kurt Roosen**

Council purpose is primarily to review and comment 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; 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 has 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:

- Debates on student membership and pricing
- Ethics in software; including discussion of VW emissions software
- Surplus targets for the BCS Group
- Diversity and inclusion, and BCS as an exemplar in its own boards and committees
- Development of the BCS website
- Member participation and communication
- University accreditation and the Shadbolt Review

Council also conducted an away day to look at BCS strategy and future vision in more detail.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

### **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 incoming resources of £1,942,000 (2015: £2,477,000).

A summary of the key highlights are noted in the Group Chief Executive's Report on page 5.

BCS Learning & Development Limited (BCS L&D) continued to perform well in 2015/16 to achieve a surplus of £3,346,000 (2015: £1,653,000). There has been a significant increase of 26% in income during the year to £29m (2015: £22.9m) due to the successful execution of sales and product enablement strategies. There remains a significant focus on the digitisation of all services, and reorganising services to enable agile response to market conditions

In addition to operating activity, there was a decrease during the year in restricted funds of £180,000 (2015: £394,000) 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 Chief Executive and members of both Institute and L&D executive teams who regularly attend Trustee 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 key roles, public honour and distinguished fellowship) and a Remuneration Committee.

The Remuneration Committee is made up of 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 14 of the financial statements.

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 2016 is £12,225,000 (2015: £10,283,000).

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.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

### **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 (RAF), 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. 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 the Risk Audit and Finance Committee
- 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 table below.

<b>Strategic Risk</b>	<b>Principal Mitigation</b>
Adverse trends in membership numbers	<ul style="list-style-type: none"><li>• Focus on engagement strategies and ensuring Institute membership offering is relevant. Establishment of and monitoring of Net Promoter Scores across the membership base. External survey of CITP carried out and strategy being developed</li></ul>
High complexity across the organisation requires robust governance processes	<ul style="list-style-type: none"><li>• Terms of Reference defined for each committee together with annual effectiveness review. Board effectiveness survey to be completed annually</li></ul>
Maintaining services and system integrity in the event of a major incident	<ul style="list-style-type: none"><li>• 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 and audit of effectiveness of controls to mitigate unauthorised system breaches carried out</li></ul>
IS infrastructure and estate	<ul style="list-style-type: none"><li>• Finance/ERP now operating in a new enterprise-class SaaS ERP platform</li><li>• Project to move the Institute's CRM to a similar equivalent is progressing to plan and expected to be completed during the 2016/17 FY</li><li>• Telephony platform supporting BCS offices recently refreshed and modernised</li></ul>
Maintaining and developing key staff	<ul style="list-style-type: none"><li>• Succession Plans regularly reviewed annually and career development reviews of all staff take place involving all senior management</li></ul>
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"><li>• There is a focus on business development and new product development to diversify income streams</li></ul>
Financial sustainability of the Institute's activities	<ul style="list-style-type: none"><li>• Strategy and business planning with Trustee Board, Council and Executive teams with regular ongoing reviews is carried out</li></ul>



# **BCS, The Chartered Institute for IT**

## **TRUSTEES' REPORT** (continued)

### **Investment Policy**

The Institute has continued the policy of recent years to hold surplus cash as bank deposits and has not invested in higher risk equity investments. The Trustees have adopted this approach, given both the short and medium term requirements for the use of these funds, and the current economic volatility and uncertainties. Accordingly, the Institute is not exposed to any equity investment risk. The Institute reviews the continuance of this policy as part of its routine business processes.

### **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 and continue in employment.

### **Employee Involvement**

The Institute is committed to informing and consulting with its employees. There are dedicated forums which directly encourage employee involvement in the performance of the charity. Periodic internal staff 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.

### **Modern Slavery Act 2015 Statement**

The Modern Slavery Act 2015 came into effect in October 2015. It requires organisations who operate in the UK who have a turnover of more than £36m to disclose the policies that are in place to ensure that slavery and human trafficking are removed from within our supply chain.

BCS, The Chartered Institute for IT, is committed to benefitting the public and society at large and part of that is taking the steps to ensure that we only work with suppliers and partners who share our commitment to the eradication of modern slavery.

Our policies require suppliers to commit to employment practices that we would expect of our own business. We prohibit the use of child, forced and compulsory labour within our supply chain, we expect that all employees and contractors belonging to our suppliers are paid fairly and do not suffer discrimination based on race, background, religion, nationality, gender, disabilities, marital status, age or sexual orientation.

We will be introducing training for all of our employees and contractors to ensure that they are able to understand the causes and signs of slavery and trafficking when dealing with partners and suppliers. We encourage our employees to report any potential breaches of our policies and our whistle blowing policy offers full protection to them.

We partner with suppliers from across the world and we are going to be spending time over the coming year establishing our suppliers in at-risk areas and engaging with them to ensure that they continue to meet our requirements of them.

BCS, The Chartered Institute for IT has a zero-tolerance policy for human trafficking and slavery and will sever all relationships with any of our suppliers who are found to be failing in their duty of care to their employees.

# 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 the appointment of 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 and 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 seven Trustee Board meetings during the year was as follows:

Trustee	Attendance	
	Eligible	Present
Jos Creese	7	5
Ray Long	7	7
Liz Bacon	4	3
Michael Cooper	7	7
Iain Thompson	7	7
Tom Abram	4	4
Jim Norton	1	1
Rebecca George	7	6
Paul Martynenko	7	5
James Davenport	7	6
Jeff Magee	7	3
Kurt Roosen	7	7
Chris Andrews	4	3
Tom Crick	7	7
Daniel Copleston	7	5
Margaret Ross	7	7
James McCafferty	2	2
Gillian Arnold	3	3
Philip Bourne	4	4

In addition, Trustee Board held three electronic meetings throughout the year.

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

<b>KEY BOARDS AND COMMITTEES OF TRUSTEE BOARD</b>	
<b>BCS Academy of Computing</b>	Promoting the creation, study and application of knowledge in computing in collaboration with other key bodies
<b>Membership Board</b>	Strategic oversight of all aspects of membership including application, recruitment, retention, member benefits and communications: broadening the membership in all areas of activity in IT and computing
<b>Professionalism Board</b>	Oversee the Institute's strategy to increase value and respect for the IT profession through excellence in standards and delivery
<b>Policy and Public Affairs Board</b>	Oversee the fulfilment of the BCS mission in areas of externally-facing policy affecting the profession and wider society
<b>Registration and Standards Committee</b>	To exercise the responsibilities of BCS as the regulator for standards developed by BCS for professionals employed in the IT profession
<b>Group Risk Audit and Finance Committee</b>	Review of audit processes and risk management

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, Specialist Groups and Branches.

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

The AGM was held in March 2016 and the following business was conducted:

- Adoption of the Trustees' Report and the Financial Statements for the year ended 31 August 2015.
- 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, 100 Temple Street, Bristol BS1 6AG.

### **Registered Office**

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

# BCS, The Chartered Institute for IT

## **TRUSTEES' REPORT** (continued)

### **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.

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

Under the Bye-laws of the Institute and charity law, the Trustees are responsible for preparing the Trustees' Annual 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 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 income over expenditure 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
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in business.

The Trustees are required to act in accordance with the Royal Charter and Bye-laws of the Institute, 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 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

**R J Long**  
**Chair of Trustee Board**  
**23 November 2016**

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

We have audited the group and charity financial statements (the 'financial statements') of BCS, The Chartered Institute for IT for the year ended 31 August 2016 set out on pages 20 to 41. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18 the trustees are responsible for the preparation of financial statements which give a true and fair view.

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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### **Opinion on financial statements**

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 2016 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- 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.

**Emma Holiday**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
**Chartered Accountants**

100 Temple Street, Bristol BS1 6AG

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

**Date: 30 January 2017**

# BCS, The Chartered Institute for IT

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2016

	Notes	General Fund £000	Restricted Fund £000	Total 2016 £000	Total 2015 £000
<b>Income and endowments from:</b>					
Investments	8	61	-	61	83
<b>Charitable activities:</b>					
Membership and Other Professional Programmes	4 (a)	7,398	1,697	9,095	10,345
Qualifications and Examination Programmes	4 (b)	28,548	-	28,548	23,853
Publications	4 (c)	531	-	531	506
<b>Other income:</b>					
Other income	6 (b)	94	-	94	378
		<u>36,632</u>	<u>1,697</u>	<u>38,329</u>	<u>35,165</u>
Net share of results of joint venture	4 (c)	257	-	257	299
<b>Total income and endowments</b>		<u>36,889</u>	<u>1,697</u>	<u>38,586</u>	<u>35,464</u>
<b>Expenditure on:</b>					
<b>Charitable activities</b>					
Membership and Other Professional Programmes	4 (a)	9,023	1,877	10,900	10,299
Qualifications and Examination Programmes	4 (b)	25,429	-	25,429	21,776
Publications	4 (c)	301	-	301	325
		<u>34,753</u>	<u>1,877</u>	<u>36,630</u>	<u>32,400</u>
<b>Total expenditure</b>		<u>34,753</u>	<u>1,877</u>	<u>36,630</u>	<u>32,400</u>
<b>Net income before goodwill amortisation</b>	6 (a)	2,136	(180)	1,956	3,064
Goodwill amortised		(194)	-	(194)	(193)
<b>Net income being net movement in funds</b>		<u>1,942</u>	<u>(180)</u>	<u>1,762</u>	<u>2,871</u>
<b>Reconciliation of funds</b>					
<b>Total funds brought forward</b>		<u>10,283</u>	<u>1,598</u>	<u>11,881</u>	<u>9,010</u>
<b>Total funds carried forward</b>	16	<u>12,225</u>	<u>1,418</u>	<u>13,643</u>	<u>11,881</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 2016

	Notes	Group 2016 £000	Institute 2016 £000	Group 2015 £000	Institute 2015 £000
<b>Fixed assets</b>					
Tangible assets	10(a)	305	303	238	221
Intangible assets	10(b)	2,388	-	2,746	-
Investments	10(c)	1	4,396	1	4,396
		<u>2,694</u>	<u>4,699</u>	<u>2,985</u>	<u>4,617</u>
<b>Current assets</b>					
Debtors	11	5,401	5,259	4,868	4,925
Cash at bank – current holdings		10,263	6,093	3,169	1,063
– held on deposit		5,058	5,058	10,396	8,535
		<u>20,722</u>	<u>16,410</u>	<u>18,433</u>	<u>14,523</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(9,254)</u>	<u>(5,436)</u>	<u>(8,918)</u>	<u>(5,423)</u>
<b>Net current assets</b>		<u>11,468</u>	<u>10,974</u>	<u>9,515</u>	<u>9,100</u>
<b>Total assets less current liabilities</b>		<u>14,162</u>	<u>15,673</u>	<u>12,500</u>	<u>13,717</u>
<b>Provisions for liabilities</b>	14	<u>(519)</u>	<u>(519)</u>	<u>(619)</u>	<u>(519)</u>
<b>Net assets</b>		<u>13,643</u>	<u>15,154</u>	<u>11,881</u>	<u>13,198</u>
<b>Funds</b>					
General fund	16	12,225	13,736	10,283	11,600
Restricted fund	16	1,418	1,418	1,598	1,598
		<u>13,643</u>	<u>15,154</u>	<u>11,881</u>	<u>13,198</u>

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

These financial statements were approved by Trustee Board on 23 November 2016 and signed on its behalf by:

**R J Long**  
*President: 2016-17*

**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 2016

	Notes	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net Cash Flow by (used in) operating activities	(a)	1,955	5,461
<b>Cash flows from investing activities</b>			
Dividends, interest and rent from investments		61	83
Acquisition of tangible fixed assets		260	(159)
Purchase of intangible fixed assets		-	(187)
<b>Net cash from investing activities</b>		199	(263)
Net increase/(decrease) in cash and cash equivalents		1,756	5,198
Cash and cash equivalents at 1 September 2015		13,565	8,367
Cash and cash equivalents at 31 August 2016	(b)	15,321	13,565

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

	2016 £000	2015 £000
Net income for the reporting period (as per the statement of financial activities)	1,762	2,871
Adjustment for depreciation charges	551	489
Dividends, interest and rent from investments	(61)	(83)
(Increase)/decrease in trade and other debtors	(533)	1,220
Increase in trade and other creditors	336	964
Decrease in provisions	(100)	-
<b>Net cash provided by (used in) operating activities</b>	1,955	5,461

### (b) Analysis of changes in net funds

	At 1 September 2015 £000	Cash flow £000	At 31 August 2016 £000
Cash at bank and in hand	3,169	7,094	10,263
Cash held on deposit	10,396	(5,338)	5,058
<b>Total cash and equivalents</b>	13,565	1,756	15,321



# 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 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 2016.

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.

#### ***Reconciliation with previously Generally Accepted Accounting Practice (GAAP)***

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 September 2014. No restatements were required. This is the first year of applying FRS 102 and the Charities SORP FRS 102.

#### ***Public benefit entity***

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

# BCS, The Chartered Institute for IT

## NOTES (continued)

### ***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.

### ***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 of 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.

The Institute receives income from candidates at the time of registering for the ECDL. Income is recognised at this point as it is non-refundable and all obligations have been fulfilled. Costs are accrued to match future costs which the Institute is contracted to incur in respect of issuing the certificate to successful candidates. The accrual is calculated statistically on the basis of historic information of candidate completion rates.

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 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.

# BCS, The Chartered Institute for IT

## 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.

### ***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.

# BCS, The Chartered Institute for IT

## 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.

# BCS, The Chartered Institute for IT

## NOTES (continued)

### 3 Detailed comparatives for the consolidated statement of financial activities

	General Fund £000	Restricted Fund £000	Total 2015 £000
<b>Income and endowments from:</b>			
Investments	83	-	83
<b>Charitable activities:</b>			
Membership and Other Professional Programmes	7,058	3,287	10,345
Qualifications and Examination Programmes	23,853	-	23,853
Publications	506	-	506
<b>Other:</b>			
Other income	378	-	378
	<u>31,878</u>	<u>3,287</u>	<u>35,165</u>
Net share of results of joint venture	299	-	299
<b>Total income and endowments</b>	<u>32,177</u>	<u>3,287</u>	<u>35,464</u>
<b>Expenditure</b>			
<b>Charitable activities:</b>			
Membership and Other Professional Programmes	7,406	2,893	10,299
Qualifications and Examination Programmes	21,776	-	21,776
Publications	325	-	325
	<u>29,507</u>	<u>2,893</u>	<u>32,400</u>
<b>Total expenditure</b>	<u>29,507</u>	<u>2,893</u>	<u>32,400</u>
<b>Net income before goodwill</b>	<u>2,670</u>	<u>394</u>	<u>3,064</u>
Goodwill amortised	(193)	-	(193)
<b>Net income</b>	<u>2,477</u>	<u>394</u>	<u>2,871</u>

# BCS, The Chartered Institute for IT

## NOTES (continued)

### 4 Income and expenditure

	Income	Staff costs	Other direct costs	Support Costs	Governance Costs	Charitable expenditure	Surplus/ (deficit) 2016	Surplus/ (deficit) 2015
	£000	£000	£000	£000	£000	£000	£000	£000
<b>4 (a) Membership and Other Professional Programmes</b>								
Membership	6,441	1,182	1,168	1,330	170	3,850	2,591	1,579
Member Groups	228	203	469	299	63	1,034	(806)	(887)
BCS Academy /Education	652	329	218	499	71	1,117	(465)	(837)
Corporate Events /Marketing	77	808	1,286	765	163	3,022	(2,945)	(203)
	<u>7,398</u>	<u>2,522</u>	<u>3,141</u>	<u>2,893</u>	<u>467</u>	<u>9,023</u>	<u>(1,625)</u>	<u>(348)</u>
Government Grants	1,697	232	1,645	-	-	1,877	(180)	394
	<u>9,095</u>	<u>2,754</u>	<u>4,786</u>	<u>2,893</u>	<u>467</u>	<u>10,900</u>	<u>(1,805)</u>	<u>46</u>
<b>4 (b) Qualifications and Examination Programmes</b>	<u>28,548</u>	<u>4,141</u>	<u>15,079</u>	<u>6,209</u>	<u>-</u>	<u>25,429</u>	<u>3,119</u>	<u>2,077</u>
<b>4 (c) Publications</b>								
Journals and books	531	-	218	83	-	301	230	181
	<u>531</u>	<u>-</u>	<u>218</u>	<u>83</u>	<u>-</u>	<u>301</u>	<u>230</u>	<u>181</u>
<b>4 (d) Support and governance costs</b>								
Support costs (note 5)	-	4,255	4,930	(9,185)				
Governance costs (note 5)	-	320	147	-	(467)			
	<u>-</u>	<u>4,575</u>	<u>5,077</u>					
<b>Total expenditure 2016</b>		<u>11,470</u>	<u>25,160</u>					
<b>Total expenditure 2015</b>		<u>10,272</u>	<u>22,128</u>					

# BCS, The Chartered Institute for IT

## NOTES (continued)

Membership income comprises:

	2016 £000	2015 £000
<b>Membership Subscriptions:</b>		
Subscriptions received during the year	6,067	6,072
Adjustments for subscriptions received in advance	88	11
Net subscription income	6,155	6,083
Engineering Council	178	184
Other	108	126
	6,441	6,393

## 5 Support Costs Allocation

	Staff Costs £000	Direct Costs £000	2016 Total £000	2015 Total £000
IT	1,154	1,752	2,906	1,559
Finance & Administration, HR and Legal	948	1,276	2,224	1,908
Premises	244	1,281	1,525	1,455
Offices Supplies and Equipment	-	99	99	85
Depreciation	-	175	175	223
Secretariat	211	67	278	284
General and Administration	2,018	427	2,445	2,535
	4,575	5,077	9,652	8,049
Allocation to individual Charitable Activities	(4,255)	(4,930)	(9,185)	(7,601)
Governance costs allocated to individual Charitable Activities	(320)	(147)	(467)	(448)
	(4,575)	(5,077)	(9,652)	(8,049)

### Governance costs comprise:

Secretariat	211	67	278	284
Audit	-	55	55	56
Governance legal costs	-	16	16	(8)
Apportionment of Directorate	109	9	118	116
	320	147	467	448

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.

# BCS, The Chartered Institute for IT

## NOTES (continued)

### 6 (a) Net income

	2016 £000	2015 £000
<b><i>Net income is stated after charging:</i></b>		
Audit of these financial statements	30	23
Amounts receivable by the auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	25	33
Other services relating to taxation	13	10
All other services	5	2
Depreciation and other amounts written off owned tangible fixed assets	193	273
Amortisation of intangible assets	164	23
Amortisation of goodwill	194	193
Hire of assets under operating leases	899	880
<b><i>and after crediting:</i></b>		
Rent receivable	(69)	(64)

### 6 (b) Other income

	2016 £000	2015 £000
Miscellaneous income	94	378

## 7 Staff numbers and costs

The average number of persons employed by the Group during the year was 273 (2015: 240). The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	9,985	9,001
Redundancy and ex-gratia payments	57	-
Social security costs	981	902
Other pension costs (see note 19)	447	369
	<b>11,470</b>	<b>10,272</b>

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 12 Trustees (2015: 13) were reimbursed for expenses of £26,071 (2015: £27,628) incurred for undertaking their duties and attending meetings on behalf of the Institute.



# BCS, The Chartered Institute for IT

## NOTES (continued)

### *Employees*

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

	Total	2016 Institute	L&D	Total	2015 Institute	L&D
£380,000 – 389,999	-	-	-	1	-	1
£290,000 – 299,999	-	-	-	1	1	-
£280,000 – 289,999	1	1	-	-	-	-
£270,000 – 279,999	1	-	1	-	-	-
£210,000 – 219,999	-	-	-	2	1	1
£180,000 – 189,999	1	-	1	1	-	1
£150,000 – 159,999	2	1	1	-	-	1
£130,000 – 139,999	-	-	-	1	-	1
£120,000 – 129,999	-	-	-	1	1	-
£110,000 – 119,999	3	3	-	3	2	1
£100,000 – 109,999	4	2	2	1	1	-
£90,000 – 99,999	1	1	-	-	-	-
£80,000 – 89,999	4	1	3	-	-	-
£70,000 – 79,999	3	1	2	6	1	5
£60,000 – 69,999	4	2	2	6	4	2

The above analysis of emoluments excludes pension contributions of £112,389 (2015: £108,482) in respect of 24 (2015: 23) employees.

### *Key management personnel remuneration*

The total employee benefits including pension contributions of the key management personnel were £2,150,545 (2015: £2,101,815).

## 8 Investment income

	2016 £000	2015 £000
Interest receivable on bank balances	61	83

## 9 Taxation

There is no UK corporation tax due for the period (2015: £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 (2015: £nil).

# BCS, The Chartered Institute for IT

## 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
<b>Cost</b>				
At 1 September 2015	1,418	415	330	2,163
Additions	-	176	84	260
Disposals	(775)	(79)	(138)	(992)
<b>At 31 August 2016</b>	<b>643</b>	<b>512</b>	<b>276</b>	<b>1,431</b>
<b>Depreciation</b>				
At 1 September 2015	1,343	335	247	1,925
Charged for year	31	135	27	193
On disposals	(775)	(79)	(138)	(992)
<b>At 31 August 2016</b>	<b>599</b>	<b>391</b>	<b>136</b>	<b>1,126</b>
<b>Net book value</b>				
<b>At 31 August 2016</b>	<b>44</b>	<b>121</b>	<b>140</b>	<b>305</b>
At 31 August 2015	75	80	83	238

  

<u>Institute</u>	Short leasehold improvements	Office and computer equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 September 2015	1,318	337	329	1,984
Additions	-	173	83	256
Disposals	(775)	(79)	(138)	(992)
<b>At 31 August 2016</b>	<b>543</b>	<b>431</b>	<b>274</b>	<b>1,248</b>
<b>Depreciation</b>				
At 1 September 2015	1,260	257	246	1,763
Charged for year	12	135	27	174
On disposals	(775)	(79)	(138)	(992)
<b>At 31 August 2016</b>	<b>497</b>	<b>313</b>	<b>135</b>	<b>945</b>
<b>Net book value</b>				
<b>At 31 August 2016</b>	<b>46</b>	<b>118</b>	<b>139</b>	<b>303</b>
At 31 August 2015	58	80	83	221

The fixed assets are held for charitable activities.

# BCS, The Chartered Institute for IT

## NOTES (continued)

### (b) *Intangible fixed assets:*

<u>Group</u>	Goodwill £000	Product Development £000	Total £000
<b>Cost</b>			
At 1 September 2015	4,452	187	4,639
<b>At 31 August 2016</b>	<b>4,452</b>	<b>187</b>	<b>4,639</b>
<b>Amortisation</b>			
At 1 September 2015	1,870	23	1,893
Charged in year	194	164	358
<b>At 31 August 2016</b>	<b>2,064</b>	<b>187</b>	<b>2,251</b>
<b>Net book value</b>			
<b>At 31 August 2016</b>	<b>2,388</b>	<b>-</b>	<b>2,388</b>
At 1 September 2015	2,582	164	2,746

### (c) *Investments:*

	Shares in group undertaking £000	Participating interests £000	Total £000
<u><b>Institute</b></u>			
At 1 September 2015	4,395	1	4,396
Additions	-	-	-
<b>At 31 August 2016</b>	<b>4,395</b>	<b>1</b>	<b>4,396</b>

# BCS, The Chartered Institute for IT

## 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
<b>Subsidiary undertakings</b>					
Activ Training Limited	03123597	England and Wales	Software Training Services	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
<b>Associated undertakings – joint ventures</b>					
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
<b>Associated undertakings – associates</b>					
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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# BCS, The Chartered Institute for IT

The amounts included in respect of joint ventures/associates comprise the following:

## Group

<i>Joint venture/associates</i>	<b>2016 £000</b>	2015 £000
Investment in joint venture:		
– share of gross assets	<b>3</b>	3
– share of gross liabilities	<b>(2)</b>	(2)
	<b>1</b>	1

## 11 Debtors

	<b>Group 2016 £000</b>	<b>Institute 2016 £000</b>	Group 2015 £000	Institute 2015 £000
Trade debtors	<b>4,007</b>	<b>853</b>	3,552	257
Prepayments and other debtors	<b>1,394</b>	<b>689</b>	1,316	881
Amounts owed by group undertakings	-	<b>3,717</b>	-	3,787
	<b>5,401</b>	<b>5,259</b>	4,868	4,925

## 12 Creditors

	<b>Group 2016 £000</b>	<b>Institute 2016 £000</b>	Group 2015	Institute 2015
Trade creditors	<b>2,008</b>	<b>569</b>	<b>2,138</b>	<b>880</b>
Other creditors	<b>800</b>	<b>443</b>	<b>734</b>	<b>400</b>
Accruals	<b>2,775</b>	<b>1,088</b>	<b>2,116</b>	<b>686</b>
Deferred income (note 13)	<b>3,671</b>	<b>3,278</b>	<b>3,930</b>	<b>3,437</b>
Amounts owed to group undertakings	-	<b>58</b>	-	<b>20</b>
	<b>9,254</b>	<b>5,436</b>	<b>8,918</b>	<b>5,423</b>

## 13 Deferred income

Deferred income comprises advance income for extended membership periods including life membership, sales of consultancy and training examination regulations 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 2015	71	150	3,216	209	284	3,930
Amounts released to incoming resources	(71)	(26)	(3,044)	(209)	(284)	(3,634)
Amount deferred in year	57	24	2,901	171	222	3,375
<b>Balance at 31 August 2016</b>	<b>57</b>	<b>148</b>	<b>3,073</b>	<b>171</b>	<b>222</b>	<b>3,671</b>

# BCS, The Chartered Institute for IT

## NOTES (continued)

### Institute

	Events Income £000	Life Membership £000	Annual Membership £000	Examinations Income £000	Consultancy and Training £000	Total £000
Balance at 1 September 2015	71	150	3,216	-	-	3,437
Amounts released to incoming resources	(71)	(26)	(3,044)	-	-	(3,141)
Amount deferred in year	57	24	2,901	-	-	2,982
<b>Balance at 31 August 2016</b>	<b>57</b>	<b>148</b>	<b>3,073</b>	<b>-</b>	<b>-</b>	<b>3,278</b>

## 14 Provisions for liabilities

### Group

### **Dilapidation provision £000**

Balance at 1 September 2015	619
Decrease in provision	(100)
<b>Balance at 31 August 2016</b>	<b>519</b>

### Institute

### **Dilapidation Provision £000**

Balance at 1 September 2015	519
Increase in provision	-
<b>Balance at 31 August 2016</b>	<b>519</b>

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.

## 15 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed assets	2,693	-	<b>2,693</b>
Investments	1	-	<b>1</b>
Net current assets	10,050	1,418	<b>11,468</b>
Non-current liabilities	(519)	-	<b>(519)</b>
<b>Net assets at the end of the year</b>	<b>12,225</b>	<b>1,418</b>	<b>13,643</b>

# BCS, The Chartered Institute for IT

## NOTES (continued)

### 16 Funds

	2015	Incoming Resources	Outgoing Resources	Net share of results of joint ventures	2016
	£000	£000	£000	£000	£000
<b><u>Group</u></b>					
General Fund	10,283	36,632	(34,947)	257	12,225
Restricted Fund					
- Network of Teaching Excellence	757	994	(1,083)	-	668
- Scottish CPD	47	33	(80)	-	-
- Computing at Schools	360	-	(114)	-	246
- Countdown to Computing	173	-	(41)	-	132
- Barefoot Computing	229	43	(63)	-	209
- Scholarship Scheme	29	45	(74)	-	-
- Quantum	-	164	(1)	-	163
- Gatsby Foundation	3	418	(421)	-	-
Total Funds	1,598	1,697	(1,877)	-	1,418
	11,881	38,329	(36,824)	257	13,643
<b><u>Institute</u></b>					
General Fund	11,600	11,159	(9,023)	-	13,736
Restricted Fund					
- Network of Teaching Excellence	757	994	(1,083)	-	668
- Scottish CPD	47	33	(80)	-	-
- Computing at Schools	360	-	(114)	-	246
- Countdown to Computing	173	-	(41)	-	132
- Barefoot Computing	229	43	(63)	-	209
- Scholarship Scheme	29	45	(74)	-	-
- Quantum	-	164	(1)	-	163
- Gatsby Foundation	3	418	(421)	-	-
	1,598	1,697	(1,877)	-	1,418
Total Funds	13,198	12,856	(10,900)	-	15,154

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

# BCS, The Chartered Institute for IT

## NOTES (continued)

### 17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016		2015	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Expiring within 1 year	803	41	777	5
Expiring within 2 to 5 years inclusive	1,952	20	2,617	23
Expiring after more than 5 years	-	-	56	-
	<u>2,755</u>	<u>61</u>	<u>3,450</u>	<u>28</u>

### 18 Capital commitments

There were no capital commitments at 31 August 2015 and 2016.

### 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 £447,000 (2015: £369,000). 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 a wholly owned subsidiary BCS Learning & Development Limited. The Group has taken advantage of the exemptions not to disclose any transactions with its wholly owned subsidiary 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:

- The Institute received income during the period of £257,010 (2015: £299,177) being the covenanted 50% share of the pre-tax profits of ITEXT Limited and £20,000 (2015: £20,000) rental income;
- The Institute purchased publications of £130,881 (2015: £136,368) 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 Transition to FRS 102

In preparing the accounts, the Trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was required. Areas considered when determining whether a restatement to the prior year figures was needed were holiday pay accruals, operating leases, debtors & creditors due after more than one year and intercompany balances. It was determined that the accounting policies, in relation to these areas, was compliant with FRS 102 and therefore no restatement was necessary. Governance costs were also considered and, as a result, amalgamated into expenditure on charitable activities.

### 22 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:

	<b>2016</b>	2015
	<b>£000</b>	£000
Statement of financial activities		
Incoming resources	<b>70</b>	103
Resources expended	<b>(68)</b>	(105)
Interest receivable	-	1
<b>Net movement of funds</b>	<b>2</b>	(1)

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	<b>397</b>	407
Creditors amounts falling due within one year	<b>(21)</b>	(33)
<b>Total net assets</b>	<b>376</b>	374
<b>Reserves</b>	<b>376</b>	374

#### 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. Activ Training Limited undertakes software training services. The Institute owns the entire issued share capital of 1,070 ordinary shares of £1 each.

# BCS, The Chartered Institute for IT

## NOTES (continued)

A summary of the trading results is shown below:

	2016 £000	2015 £000
<b>Summary profit and loss account</b>		
Turnover	-	2,122
Cost of sales and overheads	-	(980)
Development costs	-	(271)
Interest receivable	-	2
Net profit	-	873

The amount of gift aid to the Institute in 2015/16 was £nil (2014/15 £1,426,562).

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	16	1,624
Creditors: amounts falling due within one year	-	(1,508)
Provisions for liabilities	-	(100)
Total net assets	16	16
Aggregate share capital and reserves	16	16

### **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:

	2016 £000	2015 £000
<b>Summary profit and loss account</b>		
Turnover	29,009	22,935
Cost of sales and administrative expenses	(25,663)	(21,260)
Interest paid	-	(22)
Net profit	3,346	1,653

The amount of gift aid to the Institute in 2015/16 was £3,346,634 (2014/15 £1,653,163).

The assets and liabilities of the subsidiary were:

Fixed Assets	2	181
Current assets	7,758	5,887
Creditors: amounts falling due within one year	(7,654)	(5,962)
Total net assets	106	106
Aggregate share capital and reserves	106	106

# BCS, The Chartered Institute for IT

## NOTES (continued)

### 23 Financial activities of the charity

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

	<b>2016</b>	2015
	<b>£000</b>	£000
Gross incoming resources	<b>12,795</b>	13,837
Total expenditure on charitable activities	<b>(9,023)</b>	(7,406)
Restricted fund expenditure	<b>(1,877)</b>	(2,893)
Investment income	<b>61</b>	80
	<hr/>	<hr/>
<b>Net incoming resources</b>	<b>1,956</b>	3,618
Total funds brought forward	<b>13,198</b>	9,580
	<hr/>	<hr/>
<b>Total funds carried forward</b>	<b>15,154</b>	13,198
	<hr/>	<hr/>
<b>Represented by:</b>		
General fund	<b>13,736</b>	11,600
Restricted fund	<b>1,418</b>	1,598
	<hr/>	<hr/>
	<b>15,154</b>	13,198
	<hr/>	<hr/>