

BCS, The Chartered Institute for IT

Annual Report and Consolidated Financial Statements

Year ended 31 August 2012

Registered charity number 292786

BCS, The Chartered Institute for IT

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BCS, The Chartered Institute for IT

OFFICERS, DISTINGUISHED FELLOWS AND EXECUTIVES

PATRON: HRH The Duke of Kent KG

TRUSTEE BOARD (and Members of Council)

President - R J Harvey CEng FBCS CIP

Deputy President - R Marshall FBCS CIP

Immediate Past President - M J Norton FEng FBCS CIP

Vice-Presidents

R Assirati CBE FBCS CIP

E Bacon CEng CSci FBCS CIP

A Bundy CBE FRSE FEng FBCS CIP

M E Clarkson CEng FBCS CIP

B S Collins CB FEng FBCS CIP (*retired 15 January 2012*)

J McDermid OBE FEng CIP FBCS (*appointed 9 May 2012*)

K A Olisa OBE FBCS CIP

E Sparrow FBCS CIP (*retired 14 March 2012*)

I Thompson CEng FBCS CIP (*appointed 15 November 2012*)

A Walmsley CEng FBCS CIP

Elected by Council:

C Andrews CEng MBCS CIP

C W Beveridge FBCS CIP

M Cullen CEng FBCS CIP

M Kneller CEng FBCS CIP

A G Williamson CEng FBCS CIP

EXECUTIVE BOARD

Group Chief Executive - D Clarke MBE FBCS CIP

Group Finance Director - P L Jones FCA MBCS

Chief Executive - BCS Learning & Development Limited - M J Lambert FBCS

Deputy Chief Executive - I Ryder FBCS

Director - Marketing - K Edwin-Scott

Director - Membership - D Evans MBCS

Director - BCS Academy of Computing - W P R Mitchell MBCS CIP

Director - Professionalism, Communications, Policy and Public Affairs - A Thilthorpe

MEMBERS OF COUNCIL

F Adeusi MBCS (*retired 5 July 2012*)

I Akhigbe MBCS

D P Alvares MBCS CIP

C Andrews CEng MBCS CIP

C W Beveridge FBCS CIP

S E Black FBCS CIP

K Chamberlain CEng FBCS CIP

C Chang FBCS CIP

D Clarke MBE FBCS CIP

T Crick MBCS

M G Cullen CEng FBCS CIP

J H Davenport FBCS CIP

T A Freedman FBCS CIP

G A Fisher HonFBCS CIP

J G Hall CEng CSci FBCS CIP

Dame W Hall DBE FRS FEng CEng FBCS CIP

W Horkan FBCS CIP (*retired 14 March 2012*)

R G Johnson CEng FBCS CIP

S Kamali MBCS

L Keighley CEng FBCS CIP

M Kneller CEng FBCS CIP

J A Mitchell CEng FBCS CIP

L Ojuwu

M Ross MBE CEng CSci FBCS CIP

E Sparrow FBCS CIP

K Streater FBCS CIP

I Thornton-Bryar FBCS CIP

I Thompson CEng FBCS CIP

J Uhoimoihi FBCS CIP

G Wikramanayake MBCS CIP

A G Williamson CEng FBCS CIP

PAST PRESIDENTS

2011/12 M J Norton FEng FBCS CIP

2009/11 E A Sparrow FBCS CIP

2008/09 A W Pollard FBCS CIP

2007/08 R H A Burnett FBCS CIP

2006/07 N R Shadbolt FEng CEng FBCS CIP

2005/06 C E Hughes CEng FBCS CIP

2004/05 D Morriss CEng FBCS CIP

2003/04 Dame W Hall DBE FRS FEng CEng FBCS CIP

2002/03 J L Winson FBCS CIP*

2001/02 N G McMullen CEng FBCS CIP

2000/01 A J P Macdonald CB FBCS CIP

1999/00 D F Hartley CEng FBCS CIP

1998/99 I C Ritchie CBE FRSE FEng CEng FBCS CIP

1997/98 Sir Brian Jenkins GBE FBCS CIP

1996/97 R J McQuaker*

1995/96 G W Robinson CBE FEng FBCS CIP

1994/95 D W Mann CEng FBCS CIP

1993/94 J P Leighfield CBE FBCS CIP

1992/93 R G Johnson CEng FBCS CIP

1991/92 S C T Matheson CB FBCS CIP

1990/91 A R Rousell FBCS CIP

1989/90 Dame Stephanie Shirley DBE FEng CEng FBCS CIP

1988/89 B W Oakley CBE FBCS CIP*

1987/88 E P Morris TD FBCS CIP

1986/87 Sir John Fairclough*

1985/86 R A McLaughlin CEng FBCS CIP

1984/85 E S Page CEng FBCS CIP

1983/84 D Firnberg

1982/83 HRH The Duke of Kent KG

1981/82 P D Hall OBE CEng FBCS CIP*

1980/81 F J Hooper CEng FBCS CIP

1979/80 J L Bogod FBCS CIP

1978/79 F H Sumner FBCS CIP

1977/78 P A Samet CEng FBCS CIP

1976/77 G A Fisher FBCS CIP

1975/76 C P H Marks*

1974/75 E L Willey FBCS CIP

1973/74 R L Barrington FBCS CIP

1972/73 G J Morris CEng FBCS CIP

1971/72 A S Douglas CBE CEng FBCS CIP*

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 of 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 FEng FBCS CIP*

* deceased

DISTINGUISHED FELLOWS

G M Amdahl

C W Bachman

I M Barron CBE

Sir Tim Berners-Lee KBE FEng FRS

F P Brooks FEng

V Cerf

D Deutsch

W H Gates III

Sir Antony Hoare KBE FRS

P T Kirstein CBE FEng

D E Knuth

S McNealy

W M Turski FEng

R Wilmot OBE

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PRESIDENT'S MESSAGE

This year the Institute has been busy pursuing its strategy of leading and enabling the information society in the 21st Century by achieving further substantial progress in implementing our key strategic and charitable objectives.

In recent years, we have developed a clear strategy based around five specific pillars in order to address these challenges. They will support:

1. Bridging the gap between education practice and research;
2. Giving practitioners the professional development and career support they deserve;
3. Informing public policy on how IT can contribute to society;
4. Ensuring everyone benefits from IT; and
5. Championing the global IT profession.

By focusing our resources on these activities we aim to deliver and support our members together with the profession they represent.

Bridging the gap between education, practice and research

Organisations including Microsoft and Google have helped the Institute engage with government, which contributed to Michael Gove's (the Secretary of State for Education) recent announcement that ICT is to remain a statutory school subject right through primary and secondary school. Also, during the first six months of 2012, over 1000 school teachers have attended Computing At School events run in collaboration with the Institute, and enthusiastically supported by employers, universities and schools.

In January, in his speech at BETT (British Education and Training Technology show), the Secretary of State for Education highlighted the valuable work of the Institute in collaboration with the Computing At School group to create inspirational school resources.

An example of the progress made during the year can be summarised by the following quotation: *'The work of organisations such as BCS and Computing at School has made concrete, practical contributions to the debate on introducing Computer Science into schools.'* Eric Schmidt, Google Chairman, Guardian, April 2012

We also introduced the new Karen Spärck Jones Lecture series honouring women in computing and the inaugural lecture on 24 May 2011 was given by Turing award winner and IBM Fellow Emerita, Fran Allen.

BCS Academy provided major sponsorship to EPSRC for their new competition to find the next UK Pioneers of ICT and The Royal Society of Edinburgh has partnered with the Institute and employers such as Oracle to create a set of classroom resources for school teachers in Scotland, which have now been endorsed by the Scottish Government.

Giving practitioners the professional development and career support they deserve

The Institute continues to develop and raise professional IT standards through our development of our qualifications, in particular, through promotion of our Chartered IT Professional (CITP) standard and we seek to provide practitioners with the professional development and career support they deserve.

Highlights in this area during the year include:

- CESG awarded the Institute a contract to provide an 'information assurance (IA) certification scheme' for IA specialists working in or for the public sector, which will certify at three levels against six specific IA roles;
- The Institute was successful in securing our international ITIL® certification market creating a solid basis for further growth;
- We repositioned ISEB as 'BCS Professional Certification' and launched our new career path framework in which we align our certification portfolio with SFIA^{plus} and our membership grades; and
- We successfully migrated clients from the legacy SFIA^{plus} system to our new RoleModel system in readiness for the SFIA version 5 launch.

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PRESIDENT'S MESSAGE (continued)

The focus of the year's IT Training and Professional Development Summit was 'Skills for Tomorrow'; feedback was extremely positive with many of our corporate clients and training partners calling it the best summit to date.

Our annual UK IT Industry Awards were again a huge success with over 280 entries submitted across 24 award categories.

The success of the Institute and IT profession depends on both the profile of the Institute alongside the individual activity of our members, Support of our members activities include:

- Ethics Group review and release of the revised Code of Conduct;
- Introduction of 'BCS Membership Extras', our new range of discounts enabling members to enjoy savings both at work and at home on many different products and services;
- Membership Board has developed a greater and more influential voice to member groups regarding the way in which they are governed and supported; and
- Following a two-year programme of development and consultation, Council now has its own independent Chair and is increasingly involved in reviewing strategic issues and offering advice to the Trustee Board.

Informing public policy on how IT can contribute to society

As we have become more engaged in our focus on public policy developments, we have become increasingly involved in participating in a wider range of programmes such as:

- BCS Academy, together with Microsoft Research and the UKCRC and CPHC, met with David Willetts, Minister of State for Science and Universities. Our discussion has led to government looking at ways to protect computer science degree funding under the new fees structure;
- Our Chief Executive was invited to No 10 as part of David Cameron's review of the IT sector and we are regularly invited to participate in discussion with ministers and senior civil servants, and provide evidence to parliamentary select committees;
- BCS Health released a widely-praised report 'Preparing the NHS for an information revolution' to inform the development of the NHS information strategy;
- In a jointly funded project, BCS Health is working with the Department of Health Informatics Directorate to produce guidance for patients on safe record keeping; and
- BCS Academy supported the Livingstone-Hope Skills Review for UK's Video Games and Visual Effects Industries commissioned by Ed Vaizey, Minister of State for Culture, Communications and Creative Industries – and helped ensure the report's main education recommendation was to introduce computer science into the school curriculum.

Ensuring everyone benefits from IT

A key element of our future strategy and objectives is to develop a much more inclusive culture within the Institute and to increase and extend our involvement with society at large. Our campaigns including Savvy Citizens; Information Pioneers; Information Dividend; and Digital Revolutions reached millions through the media and social networks, capturing the imagination and informing the public of the benefits of IT.

The Institute became an official partner of Race Online 2012 – the national campaign led by UK Digital Champion, Martha Lane Fox, aiming to help millions more people benefit from access to the internet by the end of the Olympic year.

We launched three new IT user qualifications to help people access IT; e-safety teaches children how to keep safe online; Digital Skills delivers the skills for using today's digital and media devices; and Computer and Online Basics is an accessible course aimed at helping more people get online.

We also participated in the launch of Tech City in London which is an indication of the far reaching success of our new innovation and entrepreneurship programme.

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PRESIDENT'S MESSAGE (continued)

Championing the global IT Profession

The first tranche of new CITP certificates has been awarded and new processes have been introduced and tested. The Irish Computer Society was the first organisation licensed by the Institute to offer CITP to their members and we are in the final stage of negotiations with other UK and international organisations who want to adopt 'current competence' CITP.

'We believe the new CITP programme represents today's benchmark of IT excellence and professionalism and it's starting to gain international industry recognition.' Andrew Reid, Consulting Services Director, Microsoft.

We continue to develop our International activities including:

- expanding our presence in North America, successfully introducing our SFIPlus based consultancy and establishing new training providers for our Professional Certifications.
- establishing a new distributor in the Middle East for ITIL®, business analysis and software testing certification.
- in Australia, 90% of the training providers for service management work with the Institute's distributors and they are expanding their certification portfolio in other areas including business analysis and sustainable IT.
- focusing of our expansion in India on software testing, sustainable IT and business analysis.

We launched our new data centre accreditation scheme CEEDA (Certified Energy Efficiency Data centre Award) enabling organisations to demonstrate energy efficiency best practices through independent assessment.

The year in numbers

Overall this has been another busy and successful year for the Institute. Details of the operating and financial performance are included in the following Chief Executive's report, however, I will conclude by giving a flavour of some of the key statistical highlights in relation to last year:

- Over **10,000** new members joined the Institute
- We now have over **11,000** members resident outside the UK
- A record number of member group events took place, peaking in March at **108**
- **53%** increase in take up of our corporate membership scheme with HMRC's scheme recruiting over **1000** new members
- **58,000** Professional Certification exams taken – up from **48,000** last year
- Number of people who have taken ECDL now exceeds **2 million**
- Our Information Pioneer films were viewed over **445,000** times in **150** countries and embedded in over **300** different websites
- The Information Dividend campaign featured in the **Top 10** articles on TIME.com and became the 'most read' article on TIME.com for three days

BCS undertakes a fantastic and wide range of activities, and the successful achievement and consistent progress in rolling out our long term plans in such difficult economic times makes the Institutes achievements even more special. Accordingly, I express my sincere thanks to all those BCS members and staff who have been so committed to ensuring the Institute's success last year and I have no doubt that this will be built on in the future to achieve so much more. A great deal of momentum and buzz of enthusiasm both within and outside BCS has been generated which gives me great confidence in the future of 'BCS, The Chartered Institute for IT'.

Bob Harvey
President: 2012-13
28 November 2012

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CHIEF EXECUTIVE'S REPORT

I am again delighted to say that although 2011/12 was a very difficult economic environment, we have consistently managed to develop our member services and to fund a growing number of important initiatives that allow us to deliver our goals. We have been able to manage our operations to achieve our overall financial budget and operating plan.

The economic and financial crisis of the last three years broadened during the current year to reflect the ongoing Euro zone crisis alongside the impact of the UK government's attempts to reduce the UK budget deficit within the current parliament. This has had a significant impact in creating very difficult trading conditions in all areas of our markets. The majority of the Institute's UK related income derives from sales of end user and IT practitioner qualifications. Much of this revenue is indirectly funded by government and the effects of the global recession now feeding through to government spending have and will continue to have a major impact on the Institute.

Being The Chartered Institute for IT we have a major role to play in many areas that will hopefully enhance and improve the impact of the IT profession and as a result the UK's ability to compete on the global stage. To deliver on these responsibilities we need to have a buoyant proactive knowledgeable membership and the funds to support all of the many activities that we participate in.

In view of this environment, I am tremendously proud of what we have been able to achieve during the last twelve months. We have been able to hold our total income above £20 million and carefully managed our cost base to achieve an operating surplus of £218,000 on our core recurring operations. However, there was an overall deficit in the year of £1.2m after taking into account planned investment in product development, programme activities and restructuring costs. The key programmes and developments which were agreed as part of the business plan that are effectively funded from within general reserves are as follows:

	<u>£000s</u>
New Professional Qualifications products and services	488
Activ Product development	510
Membership programmes including CPD and BCS HEQ development	46
Academy projects	60
Innovation and entrepreneur programme	75
Publishing products	25
Web and IT enhancements	41
Restructuring costs	143
Total non recurring project and programme costs	<u>1,388</u>

It was important for the Institute to complete the implementation of certain programmes started in previous years to obtain the full benefit and avoid wasting the costs incurred in prior years. It is also essential that the programme for developing products and services was maintained, regardless of the external conditions given the strong financial position of the Institute. The additional revenue from this work can be demonstrated by the confirmation that the income for the year remained stable and indeed reversed a 5% decline in the preceding year. The Institute requires income growth to ensure that adequate funding is available in future years to enable the continuance of its non-revenue professional programmes and Member services.

When we purchased Activ in 2008, it was as much a defensive move to protect our ECDL business, as it was an investment in Activ itself. At the time of purchase, there had been a great deal of consolidation in the UK ECDL test market, with only a few players left. Securing a test provision for our ECDL products was essential and Activ was the only practical option available to achieve our strategic requirements. Since 2008, the cost of developing new test provision has escalated as we saw last year with the investment we had to put in to keep Activ's tests current, and the market has shrunk in both overall revenues and margin. However, ECDL is still a significant income for us.

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CHIEF EXECUTIVE'S REPORT *(continued)*

In September 2012, Third Force was acquired by US training company Skillsoft and announced the closure of their UK ECDL testing division. This gives our Activ team a real opportunity to win new business and market share but it also, of course, totally justifies our strategy of acquiring Activ four years ago.

A significant development during the latter part of last year was the reorganisation of our internal structure. Previously, all activities have been operated as business units within the Institute which is a registered charity incorporated by Royal Charter. This structure has many advantages for the operation of its 'membership and society at large' charitable activities and has served BCS well for many years. However, as the Institute continues to grow and matures as an organisation there were numerous limitations and constraints placed on the efficiency and performance of its other charitable 'qualifications products business.' This latter activity of the Institute performs alongside traditional commercial competitors and is required to operate in a more responsive and different 'businesslike' culture within a more common legal framework readily recognised by both international markets and in relationships with third parties. Accordingly, with effect from 1 September 2012 the Institute is continuing to focus on its membership and professional body activities and the qualifications product and publications business was transferred to BCS Learning and Development Limited (BCS L&D) - formerly the trading subsidiary of BCS known as BSL. Although BCS L&D remains a company 100% owned by the Institute, it will be structured and operated as an independent business under the management control of its own CEO, Martyn Lambert. The business was successfully launched on 1 September 2012 and the new sales and market focus has achieved an encouraging start to the 2012/13 financial year.

My comments on the specific areas for the current year are as follows:

- Membership revenues have remained strong throughout the year and we have once again achieved our goal of recruiting close to 10,000 new members in the year. Renewals have stayed at the extraordinarily high levels of retention of the previous three years. There has though been a substantial increase in the number of discounted rate applications due to unemployment which has had a small effect on renewal income. All of this means that we will close the year with over 71,000 members.
- The combined product sales are not only two thirds of our revenues but also by far the highest surplus generating activities within the Institute and are the critical major sources of funding for all of our other work. There are also a couple of completely new markets that we are developing products for where we believe that, under the new structure described above, we have a real chance of bringing substantial growth to us, but all of this will take some time. Much of the coming year will have to be funded by business as usual products and services in our traditional markets and that will put huge pressures on next year's budget and costs. It is early days, but it seems that the renewed focus we have established through this entity on new products and markets will bring the results we are looking for.

These indeed continue to be challenging and exciting times for the Institute and its combined Group activity. Providing we all continue to focus our efforts to benefiting and growing our wider IT profession, as I mentioned in previous reports, we remain optimistic that we will achieve further step changes to both our organisation and profession – and continue to realise new opportunities even within the current economic climate.

We have excellent Members, volunteers and staff and I very much recognised their enormous ongoing contribution for which I am very grateful.

David Clarke
Chief Executive
28 November 2012

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TRUSTEES' REPORT

The Trustees' Report covers the activity of the Institute for the year ended 31 August 2012.

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 are described in Section 3 below and are all primarily aimed at benefiting the public at large.

The Institute's membership at 31 August 2012 and 2011 is shown below:

	Number of Members	
	2012	2011
Fellows	2,903	2,721
Members	45,245	46,442
Associate members	5357	3,024
Companions	8	8
Students	14399	14,521
Affiliates	2471	3,112
CMA members	986	822
	<hr/>	<hr/>
	71,369	70,650
	<hr/>	<hr/>

2. THE FUTURE OF THE INSTITUTE - Enabling the information society

The Institute is continuing to focus on and develop its programme of activities specifically towards being increasingly and even more relevant to our members, volunteers, the academic community, industry, government and the wider public. Our stated mission is to enable the information society.

The Institute was created in 1957 to bring together a number of different groups to try and deliver on the grand dream of making all aspects of computing into a compelling public benefit. We have made great strides since then, and the Institute has evolved continually to meet the ever changing world we serve, never more so than in the last few years.

As we evolve, we see the world changing quicker than ever, and we know this pace of change will only increase. We must, therefore, respond and adapt quickly and more broadly to be relevant to the world we now live in so that we are ready for the future. More than 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 really support not only these knowledge workers but an increasingly IT dependent society as a whole, our activities and capabilities have to become even more relevant to our members, the academic community, industry, government, volunteers and the wider public.

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TRUSTEES' REPORT (continued)

Knowledge

Today's economy is built on knowledge and it's on our ability to process, share and manage information that our society thrives or dies. We increasingly rely upon it to protect us from crime and terror; diagnose and treat us when we are ill; monitor and mitigate our impact on a wounded planet; provide open access to goods and services to fulfil our human needs; help us to save and spend our money wisely and profitably; collect, allocate and redistribute our taxes; ensure efficient and transparent markets; and work more effectively and efficiently on a daily basis. Ultimately, we rely upon information-based technologies to support the most human need of all, to communicate: sharing our needs, desires and aspirations with others.

Information society: IT could reasonably be called the first truly global profession, and the world needs an organisation that leads an IT profession fit to drive the information society, not just to follow it. The Institute is intent on being this organisation. To put IT to work, we must actively address a range of social integration challenges:

The digital divide: Contrary to popular belief, the digital divide has not closed. We too easily mistake broadband access for information literacy. A real and persistent gulf exists between the information haves and have-nots.

Information vulnerability: From identity theft to benefit fraud, money laundering and deception – information is still not secure.

Lax information management: The value of data is still not highly valued by the public, by modern institutions or even our profession.

Project failure: Many public and private IT projects still fail to deliver: too often, and too often on a grand scale.

Skills shortages: Nationally, and even globally, too few people are training in IT and too few are trained in the underlying fundamentals of computer science to solve our pressing problems.

Lack of a clear career path: Finally, too few of those who do train actually make it up the chain of command into management whether inside or outside the IT function.

We have developed a clear strategy based around five specific pillars, which you will see much of in the coming years, in order to address these challenges. They will support:

- 1 Bridging the gap between education practice and research**
- 2 Giving practitioners the professional development and career support they deserve**
- 3 Informing public policy on how IT can contribute to society**
- 4 Ensuring everyone benefits from IT**
- 5 Championing the global IT profession**

As the natural leader of the IT profession, responsible for awarding the much sought-after Chartered IT Professional (CITP) status, we must stand up and act, as a hugely respected and independent professional body, for the benefit of the entire industry.

3. ACTIVITY REPORTS

An overview of the key activities of the Institute is included in the President's Message and Chief Executive's Report on pages 2 to 6.

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

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TRUSTEES' REPORT (continued)

BCS Academy of Computing

Vice-President & Chair: Dr Liz Bacon
Vice-President: Professor Alan Bundy

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.

This year the Academy and the Royal Academy of Engineering were invited by Ministers to work on behalf of the Department for Education to co-ordinate with key stakeholders to develop a new draft ICT programme of study. This will result in a full public consultation in January 2013.

The Department for Education also invited the Academy to partner with them to run a new teaching scholarship scheme for trainee computer science teachers. This was launched by the Secretary of State for Education in October, and is likely to result in up to 100 scholarships each year of £20,000, once it has become established. The scholarships are backed by Microsoft, Google, IBM, BT and Facebook.

In collaboration with the Computing At School group, the Academy has launched a new network of teaching excellence in computer science. The network will promote and support long term relationships between university computer science departments, employers and schools resulting in new teacher led CPD programmes in computer science. The scheme received a grant of £150,000 from the Department for Education as seed funding. The network is also supported by Microsoft, Google, OCR, AQA, CPHC as well as major universities such as Cambridge, Imperial, Manchester and many others.

In partnership with the Royal Society of Edinburgh, the Academy has also produced a range of computer science exemplification resources in Scotland, which have been endorsed by the Scottish Government for secondary schools. These will be officially launched by the Minister for Learning, Science and Scotland's Languages in December.

Engineering and Science Board

Vice-President: Professor John McDermid OBE

The Engineering and Science Board (ESB) has responsibility for ensuring the Institute enhances and promotes the status of science and engineering amongst the professions and society in general. The work of ESB has helped to ensure that the Institute successfully renewed its Chartered Engineer (CEng) and Chartered Scientist (CSci) licences this year from the Engineering Council and from the Science Council respectively.

The work of ESB enables strong communication channels between Engineering and Science stakeholder communities and the Institute. It is also responsible for ensuring effective engagement with the Engineering Council, Science Council, and The Royal Academy of Engineering.

For example the Institute is now a member of E4E. E4E represents the collective views on education and training policy of The Royal Academy of Engineering, 36 Professional Engineering Institutions, the Engineering Council and Engineering UK. As a result of collaboration with the Institute the E4E response to the National Curriculum review contained a strongly worded endorsement of the value of Computing in school, including the recommendation that every school pupil should encounter Computing.

Thanks to strong links with The Royal Academy of Engineering, the Institute was able to provide support to The Royal Academy in connection with their stakeholder workshop during the summer that provided input to The Royal Society's ongoing study into Computing in School. Links with international technology corporations, such as Microsoft and Google, have facilitated contacts with prominent captains of industry who supported the Institute in their engagement with Government through a letter of support to the Secretary of State for Education.

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TRUSTEES' REPORT (continued)

Membership Board

Vice-President: Iain Thompson

Membership Board (MB) 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. MB works through three key committees, covering finance, policy, and sharing best practice amongst Member Groups.

Our Member Groups – which include Specialist Groups, Branches, the 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 hundreds of events every year 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 MB.

During the year, MB developed and launched a new volunteer portal to bring together communications and resources for volunteers working in the member groups. This has been well-received, and is becoming a platform for the work of the boards and its committees as well as a tool for two-way engagement with the volunteer community on matters such as policy updates.

All the committees reporting to MB have continued to make progress in key areas such as recording & broadcasting of group meetings, budgetary processing and enabling rules as well as running successful conventions in the autumn and spring. A consultation on the ITNow magazine led to a new editorial approach and content that has been widely praised by readers, giving focus to particular topics such as health and security, sourcing leading content from expert members in those areas.

Member Groups have continued with a high volume of events, including some high quality update courses free to those out of work or underemployed within the membership. The BCS Entrepreneurs Group was established and held a series of very successful meetings.

Policy and Public Affairs Board

Vice-President: Ken Olisa OBE
Chair: 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 developed its strategy and programme of work under the established headings of Employers; Commerce (formerly Trade); Standards and Standing; and Inclusion.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Employers:

The focus this year has been with membership of the Government IT Profession Delivery Board and its work streams, with particular attention to the Accreditation work stream and career paths. PPAB has been supporting and integrating with the engagement activities of Professionalism Board in this area and is actively involved in driving the professionalism agenda with central and local government as well as private sector client and supply side organisations through the Professionalism Board Advisory Panel. In particular, discussion is underway on the adoption of the Institute's membership grades within government, a model which has been championed by HMRC using SFIA mapped certifications. This has led to the take up of Fellowship amongst the CIO leaders.. The development of a new CPD tool has also resulted in full engagement with government as an employer with the aim of making the tool free to members. In pursuit of these objectives, the proposition has been reinforced through collaboration with the IET and SOCITM, which is driving the way towards the Institute becoming the partner of choice for professional membership in government departments. We have concentrated on Government as employer as not only do they have a considerable number of potential members; they have a particularly influential position with regards the Procurement chain.

We have been working with Professionalism Board and Professional Development activity within the Institute to keep this agenda high with our private sector contacts and clients.

Standards and Standing:

The work of the Government Relations Group continues to oversee public policy development, maintenance and promotion and ensures that ad hoc and planned responses to consultations from government and other bodies are produced. This year the Institute has submitted a total of 15 public consultation responses and continues to be actively involved in providing impartial, independent and informed advice to various government departments. Of particular importance was the response made to the Cabinet Office consultation on Introducing a Statutory Register of Lobbyists.

Additionally, work has been initiated on the Institute's position statements across a number of areas such as BYOD, Next Generation of the Internet, Government Infrastructure and Citizen Engagement.

PPAB has launched the Policy Hub to ensure that all major policy positions are based on the input of our broad membership base and that all Institute spokespeople are registered and adhere to a code of conduct. Over 500 members have joined in the eight months since its creation providing members with a dedicated communication channel for review and input to consultation responses, position statements and proactive discussion forums.

Activity in the security domain continues to be significant with a series of identity assurance workshops running at major international forums (InfoSec, EuroDIG and UN IGF) throughout the year, as well as the publication of the "Aspects of Identity Yearbook 2011-12".

Another major engagement exercise has been the launch of a joint project with the Department of Health Informatics Directorate on "Guidance for Patients on Safe Record Keeping" which is due for publication at the end of 2012.

Inclusion:

PPAB has exercised its governance role in the area of Inclusion and has undertaken a review of the pre-existing committee structure with the aim of streamlining and increasing activity. The new Inclusion Community of Expertise (ICoE) has been created to engage PPAB with established governance models created around specific Communities of Expertise (currently there are two), allowing for a more agile way of working. The ICoE has been developed with the objective of ensuring that IT is recognised as an exemplarily inclusive profession. The focus this year has been on gender, with the development a position statement on Women in IT. A phased programme of unconscious bias training addressing all aspects of inclusion and diversity across all BCS and Committees has also been scoped with a view to rolling out over the coming year.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Commerce:

The Innovation and Entrepreneurship Working Group has developed its programme of core and strategic projects focussing on a Connected Community, Marketplace Products, Support Services, Collaborative Education and Accreditation and Qualifications. Activities have included the creation of a new Member Group, BCS Entrepreneurs, with a well attended launch event, development of an online internship portal and mentoring platform, partnership events together with increased content generation and outreach activities to improve the Institute's profile in the tech ecosystem, identification of potential links between entrepreneurial tech skills solutions and schools, a review of the demand for and barriers to digital entrepreneur qualifications and accreditations as well as the potential for development of a BCS accredited entrepreneur masters tech qualification.

Products and Services Board

Vice-President: Bob Assirati

Products and Services Board (PSB) provides a focus, on behalf of Trustee Board, to the management of the Institute's portfolio of products and services, including establishing priorities and approving investment plans.

Its specific objectives are to:

- Carry out a constant review of the products and services portfolio within the scope of the Institute's activities, and identify gaps and duplications in the products areas, including the business aspects of membership and management.
- Facilitate investments in appropriate areas.
- Manage the lifecycles of the individual product and service activity and performance.

During the year ended 31 August 2012, PSB met quarterly and successfully monitored the development of the portfolio of Products and Services detailed in the report of the Chief Executive on pages 5 to 6.

With effect from the transfer of the products and services portfolio to BCS Learning & Development Limited on 1 September 2012, PSB's responsibilities for this activity transferred to the board of BCS L&D and subsequent to completing this handover PSB will be dissolved.

Professionalism Board

Immediate Past President: Jim Norton
Chair: Paul Martynenko

The purpose of Professionalism Board is to achieve recognition for the IT profession. Its declared mission is to establish an IT profession which is valued for the benefit it provides to its stakeholders. It has set an ambition to establish a career path for individuals entering the profession, improve participation by all stakeholder groups and build a partner channel. Using promotion of the Chartered Standard for the IT Profession as the catalyst the PB is actively engaging with partners in IT supplier and customer organisations, central and local Government, training institutions and other national and international Institutions with IT practitioners in membership.

Its achievements in 2011/12 include establishing a Panel of Advisors. All members hold senior level responsibility for the deployment, training and development, or recruitment of IT professionals. They have undertaken to promote professionalism in IT amongst their stakeholder community and provide advice and inform development of policy and other matters such as defining career pathways and development of standards. Their contribution to date has been to contribute to work groups set up to:

- Define an outline proposal for a professional standard for senior executives (at SFIA level 7) that BCS could create and resource to build credibility.
- Propose ways to address the confusion caused by the co-existence of the 'old' and 'new' CITP.
- Define a professionalism proposal for students leading to Chartered status.
- Look at ways to promote the IT profession and its positive value to industry.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

This year has also seen the accreditation of The Open Group Certified Architect and Certified IT Specialist certifications at levels 2 and 3 against the BCS CITP standard. Holders of these certifications can now apply for a fast track route to CITP registration and Chartered membership of the Institute.

The SFIA Foundation launched version 5 of the industry standard framework in December and the Institute worked with subject matter experts to incorporate the changes in the BCS SFIAplus standard so that both remain aligned.

Alongside these externally facing activities of Professionalism Board, assisted by Membership Board and Ethics Group, has completed reviews of the following regulations:

Trustee Board Regulations Section II – Classes of membership

Trustee Board Regulations Schedule 1 – Membership Assessment Scheme

Trustee Board Regulations Section VIII – Disciplinary Regulations

The changes to Trustee Board Regulations Section II provide for the admission of individuals holding Open Group certifications to membership as part of their application for CITP status. Trustee Board Regulations Schedule 1 were updated to reflect changes in professional certifications offered by BCS and to delete references to 'ISEB'.

BCS policies were also agreed as follows:

- BCS Policy for the Reinstatement of Chartered IT Professional status
- BCS Policy for the Revalidation of Certificates of Current Competence
- BCS Policy for the Upgrade and Reinstatement of Membership
- BCS Policy for Membership Appeals
- BCS Policy for the Quality Assurance of assessment of applications for CITP

BCS Council

Chair: Chris Andrews

Council exists to provide guidance to Trustee Board on the direction of the Institute, with particular focus on direction, strategy and budget. Trustee Board delegates its authority to additional Boards to run the Institute, and Council also engages pro-actively with these Boards. Council 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 in particular.

Adrian Williamson completed his term as Chair of Council in May 2012. His successor, Chris Andrews, was elected at the May 2012 meeting.

During the year Council has provided advice to Trustee Board on matters of strategy and budget, having provided significant input into strategy at its meeting in November 2011. Through the year topics covered have included the importance of the Institute's public profile to the establishment of CITP through inclusion in the profession, to student engagement. A major area of discussion and advice has also been the establishment of BCS Learning & Development, where Council has made significant input into the governance structures and plans.

Council has also taken steps to increase openness and transparency of governance through establishing a register of interests in line with practices at Trustee Board.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Audit and Risk Committee

Vice-President: Mary Clarkson

The principal objectives of the Audit and Risk Committee (ARC) 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. This includes reviewing the policies and procedures operated for both financial and risk management control. ARC is responsible for:

- Overseeing the audit of the financial statements;
- Reviewing the framework for accountability – including modus operandi of the Boards and Committees, Business Reporting and Budget and Business Planning processes;
- Reviewing the effectiveness of the control environment – both financial and otherwise including risk analysis and risk management;
- Monitoring that the Institute is complying with its aims, objectives and governing instrument and all aspects of the law, relevant regulations and good practice including Charity Commission requirements; and
- Overseeing and coordinating the plan of external independent audit requirements (e.g. CEng, CSci and Green issues).

During the period, ARC held five 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. ARC also reviewed the governance and arrangements for the restructuring between the Institute and BCS Learning & Development Limited on behalf of Trustee Board.

4. FINANCIAL REVIEW (including policy statements)

These financial statements comply with current statutory requirements of the Charity's governing document and with the Statement of Recommended Practice – 'Accounting and Reporting by Charities' (SORP 2005).

During the period, the Institute and its Group activities had net outgoing resources of £1,170,000 (2011: £493,000).

A summary of the key highlights are included in the Chief Executive's Report on pages 5 and 6.

The outgoing resources of £1,170,000 is the net of the operating surplus of £218,000 (2011: £52,000) and £1,388,000 (2011: £545,000) investment in product development, programme activities to complete the Transformation Programme and restructuring costs. The Transformation Programme was launched in 2009 and all expenditure is funded from the designated fund established at the launch. The Transformation Programme was completed at 31 August 2012 and the balance of unspent funding of £84,000 has been returned to the general fund.

BCS Learning & Development Limited (BCS L&D), formally known as *British Informatics Society Limited*, which is a 100% owned subsidiary company, had surplus of £nil for the period (2011: £ nil) after the payment of Gift Aid from BCS L&D to the Institute of £226,000 (2011: £254,000). The performance during the period reflects the financial and operating stability achieved by BCS L&D in continuing to support part of the publications and conference programmes on behalf of the Institute.

Activ Training Limited (Activ), which is a 100% owned subsidiary company, had surplus of £nil for the period (2011: £nil) after the payment of Gift Aid from Activ to the Institute of £91,000 (2011: £252,000). The performance during the year reflects the success of Activ in an increasingly competitive qualifications market.

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 the platform for significant growth in previous years and the Institute is confident it has established the appropriate business plans to maintain this success in the future.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Reserves Policy

The consolidated total reserves of the Institute are represented by general and designated funds. The basis of the designated fund is described in note 14 of the financial statements.

The current level of "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 2012 is £7,964,000 (2011: £8,792,000).

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 designated fund is included in note 14 of the financial statements.

Risk Management Policy

The Trustee Board is responsible for the management of risks faced by the Institute. Detailed reviews of the effectiveness of the control environment for both financial and non-financial risks are delegated to all Boards and in particular the Audit and Risk Committee (ARC), who are assisted by the Senior Staff Management team. Risks are identified, assessed and controls established on a regular basis and a formal review of the risk management processes of the Institute is undertaken on an annual basis.

The key controls 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 ARC
- Comprehensive business planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies including authorisation and approval 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.

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.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

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.

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 sex, religion and ethnic origin.

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.

Council provides support to the Trustee Board in an advisory capacity and elects the appointment of Honorary Officers. Trustees are elected to office in accordance with the Bye-laws by the Professional Membership and by Council itself. 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 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
Chris Andrews	7	6
Bob Assirati	7	6
Liz Bacon	7	6
Colin Beveridge	7	7
Alan Bundy	7	5
Mary Clarkson	7	5
Brian Collins	2	0
Mike Cullen	7	7
Bob Harvey	7	7
Maggie Kneller	7	6
John McDermid	3	1
Roger Marshall	4	4
Jim Norton	7	7
Ken Olisa	7	4
Elizabeth Sparrow	3	3
Adrian Walmsley	7	7
Adrian Williamson	7	5

In addition Trustee Board held four electronic meetings during the year.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

KEY BOARDS AND COMMITTEES OF TRUSTEE BOARD	
BCS Academy of Computing	Promoting the creation, study and application of knowledge in computing in collaboration with other key bodies
Engineering and Science Board	Developing the status of engineering and science in information systems and technology
Membership Board	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
Policy and Public Affairs Board	Development, promotion and maintenance of the Institute's externally facing policies affecting the profession and wider society
Products and Services Board	Operational review and monitoring of the Institute's portfolio of products and services including ECDL, ISEB, Professional Products, Publications and Membership Services
Professionalism Board	Oversee the Institute's strategy for achieving recognition for the IT profession and development of CITP
Audit and Risk Committee	Review of audit processes and risk management

The Chief Executive is David Clarke and his executive management team is detailed on page 1 as the "Executive Board".

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 2012 and the following business was conducted:

- Adoption of the Trustees' Report and the Financial Statements for the year ended 31 August 2012.
- Reappointment of KPMG LLP as auditors.

Bankers

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

Legal Advisers

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

Auditors

A resolution for the reappointment of KPMG LLP, 100 Temple Street, Bristol BS1 6AG as auditors of the Institute is to be proposed at the forthcoming Annual General Meeting.

The policy of Audit and Risk Committee is to undertake an annual review of the performance of the auditors against specific criteria prior to reaching their recommendation for their reappointment.

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

Registered Office

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

Relationships with Related Parties

Relationships with related parties are detailed in note 18 and note 19 to the financial statements.

Disclosure of information to auditors

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 auditors are 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 the auditors are 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 expenditure over income for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- state whether the financial statements comply with the Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 42(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

Bob Harvey CEng CITP FBCS
Chair of Trustee Board: 2012-13
28 November 2012

BCS, The Chartered Institute for IT

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

We have audited the financial statements of BCS, The Chartered Institute for IT, for the year ended 31 August 2012 set out on pages 20 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2012 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 Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

AC Antonius
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants: 100 Temple Street, Bristol BS1 6AG

Date: 21 December 2012

BCS, The Chartered Institute for IT

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2012

	Notes	General Fund £000	Designated Fund £000	Total 2012 £000	Total 2011 £000
Incoming Resources					
Incoming resources from generated funds:					
Investment income	7	177	-	177	155
Incoming resources from charitable activities:					
Membership and Other Professional Programmes	3 (a)	5,414	-	5,414	5,420
Qualifications and Examination Programmes	3 (b)	13,730	-	13,730	14,150
Publications	3 (c)	979	-	979	1,241
Other incoming resources:					
Other income	5 (b)	143	-	143	107
		<u>20,443</u>	<u>-</u>	<u>20,443</u>	<u>21,073</u>
Less: income of joint venture (included above)	3 (c)	(197)	-	(197)	(190)
Total incoming resources		<u>20,246</u>	<u>-</u>	<u>20,246</u>	<u>20,883</u>
Resources expended					
Charitable activities:					
Membership and Other Professional Programmes	3 (a)	7,041	-	7,041	7,656
Qualifications and Examination Programmes	3 (b)	12,842	258	13,100	12,154
Publications	3 (c)	758	-	758	1,095
Governance costs:					
Governance costs	3(d),4	520	-	520	468
Less: costs of joint venture (included above)	3 (c)	(4)	-	(4)	(4)
Total resources expended		<u>21,157</u>	<u>258</u>	<u>21,415</u>	<u>21,369</u>
Net outgoing resources before Goodwill	5 (a)	(911)	(258)	(1,169)	(486)
Goodwill amortised		(194)	-	(194)	(193)
Net outgoing resources after goodwill		<u>(1,105)</u>	<u>(258)</u>	<u>(1,363)</u>	<u>(679)</u>
Net share of results of joint venture	3 (c)	193	-	193	186
		<u>(912)</u>	<u>(258)</u>	<u>(1,170)</u>	<u>(493)</u>
Transfer to general fund		<u>84</u>	<u>(84)</u>	<u>-</u>	<u>-</u>
Net outgoing resources		<u>(828)</u>	<u>(342)</u>	<u>(1,170)</u>	<u>(493)</u>
Reconciliation of funds					
Total funds brought forward		<u>8,792</u>	<u>342</u>	<u>9,134</u>	<u>9,627</u>
Total funds carried forward	14	<u>7,964</u>	<u>-</u>	<u>7,964</u>	<u>9,134</u>

There is no material difference between the Group results as reported and on an unmodified historical cost basis. Accordingly, no note of historical cost income and expenditure is included.

All funds are unrestricted income funds. 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 2012

	Notes	Group 2012 £000	Institute 2012 £000	Group 2011 £000	Institute 2011 £000
Fixed assets					
Tangible fixed assets	9(a)	605	597	873	858
Intangible fixed assets	9(b)	3,162	-	3,356	-
Investments	9(c)	1	4,396	1	4,346
		<u>3,768</u>	<u>4,993</u>	4,230	5,204
Current assets					
Debtors	10	3,036	3,514	3,290	3,147
Cash at bank – current holdings		1,736	822	1,869	964
– held on deposit		6,093	6,093	7,579	7,579
		<u>10,865</u>	<u>10,429</u>	12,738	11,690
Creditors: amounts falling due within one year	11	<u>(6,269)</u>	<u>(6,508)</u>	<u>(7,434)</u>	<u>(7,003)</u>
Net current assets		<u>4,596</u>	<u>3,921</u>	5,304	4,687
Total assets less current liabilities		<u>8,364</u>	<u>8,914</u>	9,534	9,891
Provisions for liabilities	13	<u>(400)</u>	<u>(400)</u>	<u>(400)</u>	<u>(400)</u>
Net assets		<u>7,964</u>	<u>8,514</u>	9,134	9,491
Funds (unrestricted)					
General fund	14	7,964	8,514	8,792	9,149
Designated fund	14	-	-	342	342
		<u>7,964</u>	<u>8,514</u>	9,134	9,491

These Financial Statements were approved by Trustee Board on 28 November 2012 and signed on its behalf by:

R J Harvey
President: 2012-13

M E Clarkson
Vice-President Finance

D Clarke
Chief Executive

BCS, The Chartered Institute for IT

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 31 August 2012

	Notes	2012		2011	
		£000	£000	£000	£000
Net cash outflow from operating activities	(a)		(1,903)		(47)
Net cash inflow on investments and servicing of finance					
Investment income			177		155
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(86)		(167)	
Income receivable from joint venture		193		186	
Net cash inflow from capital expenditure and financial investment			107		19
Acquisitions and disposals					
Purchase of subsidiary undertakings					-
Net cash (outflow)/inflow before management of liquid resources			(1,619)		127
Net decrease in short term deposits	(b)		1,486		85
(Decrease)/Increase in cash	(b)		(133)		212
Reconciliation of net cash flow to movement in net funds					
			2012		2011
			£000		£000
(Decrease)/Increase in cash in the year			(133)		212
Cash outflow from decrease in liquid resources			(1,486)		(85)
Movement in net funds in the year			(1,619)		127
Net funds at the start of the year	(b)		9,448		9,321
Net funds at the end of the year	(b)		7,829		9,448

BCS, The Chartered Institute for IT

Consolidated cash flow statement (continued)

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

	2012	2011
	£000	£000
Net outgoing resources before transfers and interest in joint ventures	(1,363)	(679)
Investment Income	(177)	(155)
	(1,540)	(834)
Depreciation	354	404
Amortisation	194	193
Increase in debtors	(172)	(154)
(Decrease)/Increase in creditors	(739)	344
Loss on disposal of fixed asset	-	-
Net cash outflow from operating activities	(1,903)	(47)

(b) Analysis of changes in net funds

	At 1 September 2011 £000	Cash flow £000	At 31 August 2012 £000
Cash at bank and in hand	1,869	(133)	1,736
Current asset investments – cash held on deposit	7,579	(1,486)	6,093
Total net funds	9,448	(1,619)	7,829

(c) Statement of changes in resources applied for fixed assets for charity use (Group)

	2012	2011
	£000	£000
Net outgoing resources for the period	(1,170)	(493)
Resources used for net acquisitions of tangible fixed assets	(86)	(167)
Resources used for net acquisitions of subsidiary	-	-
Net outgoing resources available for future activities	(1,256)	(660)

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

These statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. They have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued March 2005, and the Institute's Bye-laws.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the Institute and its subsidiaries, BCS Learning & Development Limited, Information Systems Examinations Board Limited (ISEB), BCS (ITEXT) Limited, CMA, i-2-K Limited and Activ Training Limited, for the year ended 31 August 2012.

These statements consolidate the results of the Institute and its wholly owned subsidiaries on a line by line basis made up to 31 August 2012.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

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 of joint ventures is included in the consolidated statement of financial activities and its interest in their net assets/(liabilities), (other than goodwill), 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. The Institute has taken advantage of Section 408 of the Companies Act 2006 and paragraph 397 of the SORP whereby it is not required to prepare a Statement of Financial Activities for the Institute since a consolidated Statement of Financial Activities is prepared.

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.

BCS, The Chartered Institute for IT

NOTES (continued)

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.

Designated funds represent earmarked funds allocated by the Trustees from the general funds for specific purposes for which no binding commitment has been established at the time the financial statements are prepared. Details of designated funds are disclosed in note 14 to the financial statements. Trustees agree allocations to designated funds and transfers between funds are made accordingly.

The Institute has no restricted funds. Restricted funds are funds subject to specific instructions by the donor, but still within the objects of the Institute.

Incoming resources

Incoming resources are 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. 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.

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 three subsidiary companies, BCS Learning & Development Limited (BCS L&D), Communications Management Association (CMA) and Activ Training Limited all provide goods and services. The income for these goods and services are recognised at the time goods and services are delivered.

Resources expended

Resources expended are 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/central overheads are reallocated to the relevant expense heading on the basis of staff numbers engaged in the relevant activity.

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 FRS15 and will be depreciated over the life of the lease to the Statement of Financial Activities.

BCS, The Chartered Institute for IT

NOTES (continued)

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 are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Statement of Financial Activities.

Taxation

The Institute, as a registered charity is exempt from taxation on its income and gains falling within section 505 of the 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 covered by the balance sheet date, except as otherwise required by FRS 19.

Operating leases

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

Fixed Assets and depreciation

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

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

Investments

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

Pensions

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

Irrecoverable VAT

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

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NOTES (continued)

3 Incoming resources and resources expended

	Income	Staff costs	Other direct costs	Support Costs	Charitable expenditure	Surplus/ (deficit) 2012	Surplus/ (deficit) 2011
	£000	£000	£000	£000	£000	£000	£000
3 (a) Membership and Other Professional Programmes							
Membership	4,776	1,196	1,036	1,209	3,441	1,335	1,260
Member Groups	298	228	627	506	1,361	(1,063)	(1,179)
BCS Academy/Education	127	215	293	253	761	(634)	(582)
CMA Forum	28	62	26	28	116	(88)	(54)
Corporate Events	185	144	250	140	534	(349)	(444)
Strategic Planning, Marketing and Web services	-	546	85	197	828	(828)	(1,237)
	<u>5,414</u>	<u>2,391</u>	<u>2,317</u>	<u>2,333</u>	<u>7,041</u>	<u>(1,627)</u>	<u>(2,236)</u>
3 (b) Qualifications and Examination Programmes							
	<u>13,730</u>	<u>3,387</u>	<u>6,503</u>	<u>2,952</u>	<u>12,842</u>	<u>888</u>	<u>2,541</u>
3 (c) Publications							
Journals and books	782	125	488	141	754	28	(40)
Share of joint venture	197	-	4	-	4	193	186
	<u>979</u>	<u>125</u>	<u>492</u>	<u>141</u>	<u>758</u>	<u>221</u>	<u>146</u>
3 (d) Other expenditure							
Governance (note 4)	-	2,957	2,989	(5,426)	520	(520)	(468)
Total expenditure 2012		<u>8,860</u>	<u>12,301</u>				
Total expenditure 2011		<u>8,019</u>	<u>12,809</u>				

Membership and Other Professional Programmes income comprises:

	2012 £000	2011 £000
Membership Subscriptions:		
Subscriptions received during the year	4,459	4,516
Adjustments for subscriptions received in advance	(33)	(138)
Net subscription income	<u>4,426</u>	<u>4,378</u>
Engineering Council	192	213
Other	158	26
	<u>4,776</u>	<u>4,617</u>

BCS, The Chartered Institute for IT

NOTES (continued)

4 Support Costs Allocation

	Staff Costs £000	Direct Costs £000	2012 Total £000	2011 Total £000
IT	693	471	1,164	898
Finance and Administration, HR and Legal	548	830	1,378	1,701
Premises	211	1,067	1,278	1,315
Offices Supplies and Equipment	-	90	90	102
Depreciation	-	347	347	396
Secretariat	214	82	296	215
Directorate	1,291	102	1,393	1,127
	<u>2,957</u>	<u>2,989</u>	<u>5,946</u>	<u>5,754</u>
Allocation to individual Charitable Activities	(2,614)	(2,812)	(5,426)	(5,286)
	<u>343</u>	<u>177</u>	<u>520</u>	<u>468</u>
Governance Costs				
<i>Governance costs comprise:</i>				
Secretariat	214	82	296	215
Audit	-	52	52	73
Governance legal costs	-	33	33	67
Apportionment of Directorate (based on time spent)	129	10	139	113
	<u>343</u>	<u>177</u>	<u>520</u>	<u>468</u>

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 3.

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NOTES (continued)

5 (a) Net outgoing resources

	2012	2011
	£000	£000
<i>Net outgoing resources is stated after charging:</i>		
Audit of the Financial Statements	40	39
Amounts receivable by the Auditors and their associates in respect of:		
Audit of Financial Statements of subsidiaries pursuant to legislation	12	15
Other services relating to taxation	3	14
All other services	7	13
Depreciation and other amounts written off owned tangible fixed assets	354	404
Amortisation of goodwill	194	193
Hire of other assets under operating lease	789	723
<i>and after crediting:</i>		
Rent receivable	(38)	(45)

5 (b) Other income

	2012	2011
	£000	£000
Miscellaneous income	143	107

6 Staff numbers and costs

The average number of employees employed by the Group during the year was 250 (2011: 242). The aggregate payroll costs of these persons were as follows:

	2012	2011
	£000	£000
Wages and salaries	7,772	7,045
Social security costs	773	683
Other pension costs (see note 17)	315	291
	8,860	8,019

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 13 Trustees (2011: 13) were reimbursed for expenses of £32,298 (2011: £33,241) 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:

	2012	2011
£220,000 – 229,999	1	-
£210,000 – 219,999	-	1
£150,000 – 159,999	-	-
£140,000 – 149,999	-	-
£130,000 – 139,999	3	-
£120,000 – 129,999	-	3
£110,000 – 119,999	-	-
£100,000 – 109,999	1	-
£90,000 – 99,999	1	1
£80,000 – 89,999	2	1
£70,000 – 79,999	2	3
£60,000 – 69,999	3	1

The above analysis of emoluments excludes pension contributions of £81,000 (2011: £61,000) in respect of 13 (2011: 10) employees.

7 Investment income

	2012 £000	2011 £000
Interest receivable on bank balances	<u>177</u>	<u>155</u>

8 Taxation

There is no UK corporation tax due for the period (2011: £nil). The Institute, as a registered charity is exempt from taxation on its income and gains falling within section 505 of the 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 liability for the period (2011: £nil). A deferred tax asset of £nil (2011: £nil) in respect of timing differences on assets qualifying for capital allowances has not been recognised.

BCS, The Chartered Institute for IT

NOTES (continued)

9 Fixed assets

(a) Tangible fixed assets:

<u>Group</u>	Short leasehold improvements	Office and computer equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 September 2011	1,658	678	631	2,967
Additions in year	-	80	6	86
Disposals in year	-	(254)	(64)	(318)
At 31 August 2012	1,658	504	573	2,735
Depreciation				
At 1 September 2011	1,109	560	425	2,094
Charged in year	179	133	42	354
Disposals in year	-	(254)	(64)	(318)
At 31 August 2012	1,288	439	403	2,130
Net book value				
At 31 August 2012	370	65	170	605
At 31 August 2011	549	118	206	873
<u>Institute</u>	Short leasehold improvements	Office and computer equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 September 2011	1,658	604	628	2,890
Additions in year	-	80	6	86
Disposals in year	-	(254)	(64)	(318)
At 31 August 2012	1,658	430	570	2,658
Depreciation				
At 1 September 2011	1,109	499	424	2,032
Charged in year	179	126	42	347
Disposals in year	-	(254)	(64)	(318)
At 31 August 2012	1,288	371	402	2,061
Net book value				
At 31 August 2012	370	59	168	597
At 31 August 2011	549	105	204	858

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
Cost	
At 1 September 2011 and 31 August 2012	4,452
<hr/>	
Amortisation	
At 1 September 2011	1,096
Charged in year	194
<hr/>	
At 31 August 2012	1,290
<hr/>	
Net book value	
At 31 August 2012	3,162
<hr/>	
At 31 August 2011	3,356
<hr/>	

(c) Investments:

<u>Institute</u>	Shares in group undertaking £000	Participating interests £000	Total £000
At beginning of period	4,345	1	4,346
Additions	50	-	50
<hr/>		<hr/>	
At end of period	4,395	1	4,396
<hr/>		<hr/>	

As noted in the Chief Executive's Report on page 6, the Institute undertook a re-organisation of its internal operational structure from 1 September 2012.

The Board of British Informatics Society Limited (BISL) approved a resolution on 20 August 2012 to change the name of BISL to BCS Learning & Development Limited (BCS L&D). On 30 August 2012, the Institute increased its investment in BCS L&D by purchasing 100% of the additional £50,000 share capital issued by BCS L&D.

The above changes were undertaken to enable the Institute to continue its focus on membership and professional body activities and for BCS L&D to undertake the qualifications product and publications business with effect from 1 September 2012.

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NOTES (continued)

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

	Country of incorporation	Principal activity	Direct/Indirect	Class and percentage of shares held
Subsidiary undertakings				
Activ Training Limited	England and Wales	Software Training Services	Direct	100% of ordinary shares
BCS Learning & Development Limited	England and Wales	Publications, Conferences & Consultancy	Direct	100% of ordinary shares
BCS ITEXT Limited	England and Wales	Dormant	Direct	100% of ordinary shares
Information Systems Examination Board Limited	England and Wales	Dormant	Indirect	100% limited by guarantee
i-2-K Limited	England and Wales	Dormant	Direct	100% of ordinary shares
Communications Management Association	England and Wales	Dormant	Direct	100% limited by guarantee
Institute for Communications Arbitration and Forensics	England and Wales	Dormant	Indirect	100% of ordinary shares
Associated undertakings – joint ventures				
ITEXT Limited	England and Wales	Production of Publications	Direct	50% of ordinary shares & 100% of preference shares
Activ Educate Limited	England and Wales	E-learning Software	Direct	50% of ordinary shares
Associated undertakings – associates				
SFIA Foundation	England and Wales	Skills Framework	Direct	25% 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

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

Group

Joint venture/associates	2012 £000	2011 £000
Investment in joint venture:		
– share of gross assets	3	3
– share of gross liabilities	(2)	(2)
	1	1

BCS, The Chartered Institute for IT

NOTES (continued)

10 Debtors

	Group 2012 £000	Institute 2012 £000	Group 2011 £000	Institute 2011 £000
Trade debtors	1,782	1,567	2,132	1,581
Prepayments and other debtors	1,254	1,209	1,158	1,008
Amounts owed by group undertakings	-	738	-	558
	<u>3,036</u>	<u>3,514</u>	<u>3,290</u>	<u>3,147</u>

11 Creditors

	Group 2012 £000	Institute 2012 £000	Group 2011 £000	Institute 2011 £000
Trade creditors	1,176	956	1,277	1,190
Other creditors	470	466	690	682
Accruals	1,203	1,028	1,997	1,751
Deferred income (note 12)	3,420	3,415	3,470	3,380
Amounts owed to group undertakings	-	643	-	-
	<u>6,269</u>	<u>6,508</u>	<u>7,434</u>	<u>7,003</u>

12 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.

<u>Group</u>	Events Income £000	Life Membership £000	Annual Membership £000	Examinations Income £000	Consultancy and Training £000	Total £000
Balance at 1 September 2011	31	95	2,576	390	378	3,470
Amounts released to incoming resources	(31)	(20)	(2,576)	(390)	(378)	(3,395)
Amount deferred in period	92	23	2,603	299	328	3,345
	<u>92</u>	<u>98</u>	<u>2,603</u>	<u>299</u>	<u>328</u>	<u>3,420</u>
Balance at 31 August 2012	92	98	2,603	299	328	3,420

BCS, The Chartered Institute for IT

NOTES (continued)

<u>Institute</u>	Events Income £000	Life Membership £000	Annual Membership £000	Examinations Income £000	Consultancy and Training £000	Total £000
Balance at 1 September 2011	31	95	2,576	390	288	3,380
Amounts released to incoming resources	(31)	(20)	(2,576)	(390)	(288)	(3,305)
Amount deferred in period	92	23	2,603	299	323	3,340
Balance at 31 August 2012	92	98	2,603	299	323	3,415

13 Provisions for liabilities Group

Dilapidation provision £000

Balance at 31 August 2011 and 2012	400
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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.

14 Funds (unrestricted)

	2011 £000	Incoming Resources £000	Outgoing Resources £000	Transfer £000	2012 £000
<u>Group</u>					
General Fund	8,792	20,246	(21,158)	84	7,964
Designated Funds - Transformation programme	342	-	(258)	(84)	-
	9,134	20,246	(21,416)	-	7,964
<u>Institute</u>					
General Fund	9,149	19,903	(20,622)	84	8,514
Designated Funds - Transformation programme	342	-	(258)	(84)	-
	9,491	19,903	(20,880)	-	8,514

The Transformation Fund was earmarked funding used to fund the Transformation Programme during the last three years.

BCS, The Chartered Institute for IT

NOTES (continued)

15 Operating leases

In the following accounting period the Group and Institute are committed to the following payments in respect of operating leases:

	2012		2011	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Expiring within 1 year	-	-	-	12
Expiring within 2 to 5 years inclusive	334	70	333	20
Expiring after more than 5 years	338	-	338	-
	<u>672</u>	<u>70</u>	<u>671</u>	<u>32</u>

16 Capital commitments

There were no capital commitments at 31 August 2011 and 2012.

17 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 £315,000 (2011: £290,000). There are no outstanding or prepaid contributions at the balance sheet date.

18 Related party disclosures

The transactions between the Institute and ITEXT Limited, the joint venture referred to in note 9, are as follows:

- i) The Institute received income during the period of £193,000 (2011: £186,000) being the covenanted 50% share of the pre tax profits of ITEXT Limited and £20,000 (2011: £20,000) rental income;
- ii) The Institute purchased publications of £218,000 (2011: £195,000) from ITEXT Limited.

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NOTES (continued)

19 Operating results of subsidiary companies

Activ Training Limited

The wholly-owned trading subsidiary Activ Training Limited, which is incorporated in the United Kingdom, pays its profits to the Institute by gift aid. Activ Training Limited undertakes software training services. The Institute owns the entire issued share capital of 1,070 ordinary shares of £1 each. A summary of the trading results is shown below:

	2012	2011
	£000	£000
Summary profit and loss account		
Turnover	1,313	1,634
Cost of sales and overheads	(1,098)	(798)
Development costs	(125)	(585)
Interest receivable	1	1
Net profit	91	252
Amount gifted to the Institute	(91)	(252)
Retained in the subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Fixed assets	7	15
Current assets	1,354	1,229
Current liabilities	(792)	(675)
Total net assets	569	569
Aggregate share capital and reserves	569	569

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. BCS L&D undertakes publications, event and conference activities on behalf of the Institute and, as explained in note 9 (c) above, operated under its previous name, BISL, during the current year. 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:

	2012	2011
	£000	£000
Summary profit and loss account		
Turnover	549	757
Cost of sales and administrative expenses	(323)	(503)
Interest receivable	-	-
Net profit	226	254
Amount gifted to the Institute	(226)	(254)
Retained in the subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	405	372
Creditors: amounts falling due with one year	(349)	(316)
Total net assets	56	56
Aggregate share capital and reserves	56	56

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NOTES (continued)

20 Financial activities of the charity

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

	2012	2011
	£000	£000
Gross incoming resources	19,726	20,043
Total expenditure on charitable activities	(20,102)	(19,478)
Designated fund expenditure	(258)	(545)
Governance costs	(520)	(468)
Investment income	177	154
	<hr/>	<hr/>
Net outgoing resources	(977)	(294)
Total funds brought forward	9,491	9,785
	<hr/>	<hr/>
Total funds carried forward	8,514	9,491
	<hr/>	<hr/>
Represented by:		
General funds	8,514	9,149
Designated funds	-	342
	<hr/>	<hr/>
	8,514	9,491
	<hr/>	<hr/>

The Institute holds a 100% investment in BCS L&D. Transactions during the financial year are as follows:

- Management Charge £25,000 (2011: £25,000).

The Institute holds a 100% investment in Activ Training Limited. Transactions during the financial year are as follows:

- Management Charge £24,000 (2011: £12,000).