



The Chartered Institute for IT
Making IT good for society

The British Computer Society

Annual Report and Consolidated Financial Statements

Year ended 31 August 2019

Registered charity number 292786

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

BCS, The Chartered Institute for IT

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OFFICERS, DISTINGUISHED FELLOWS AND EXECUTIVE TEAM

PATRON: HRH The Duke of Kent KG

TRUSTEE BOARD (and Members of Council)

President – M Grant FBCS

Deputy President – R George OBE FBCS CITP

Immediate Past President – C Rees FBCS CITP

Vice-Presidents

G Arnold FBCS

B Booth FBCS CITP (from 13 March 2019)

M Cooper FBCS (to 13 March 2019)

T Crick MBE CEng FBCS

J Davenport FBCS CITP

I Nath FBCS CITP

S Pattison FBCS

A Revell CEng MBCS CITP

Chair of Council:

I Thompson CEng HonFBCS CITP (from 13 March 2019)

H Fletcher CEng MBCS CITP (to 13 March 2019)

Elected by Council:

P Clarendon MBCS (from 13 March 2019)

S De Silva FBCS CITP (from 13 March 2019)

R Isherwood FBCS (from 13 March 2019)

K Streater FBCS CITP (from 13 March 2019)

B Booth FBCS CITP (to 13 March 2019)

R Kaur FBCS CITP (to 13 March 2019)

J McCafferty CEng FBCS CITP (to 13 March 2019)

M Ross MBE CEng HonFBCS CITP (to 13 March 2019)

MEMBERS OF COUNCIL

I Thompson CEng HonFBCS CITP

D Basu FBCS CITP

R Boyle CEng FBCS CITP

P Clarendon MBCS

S De Silva FBCS CITP

D Donaghy CEng MBCS CITP

I Dryden MBCS

H Fletcher CEng MBCS CITP

P Fletcher FBCS - Chief Executive

J Hogan MBCS CITP

R Isherwood FBCS

L Keighley CEng FBCS CITP

G Lefman CEng FBCS

C Long CEng FBCS CITP

J McCafferty CEng FBCS CITP

A Pakštas FBCS CITP

A Palmer FBCS

L Parry MBCS

D Rippon CEng FBCS CITP

M Ross MBE CEng HonFBCS CITP

L Senanayake CEng FBCS CITP

C Smythe CEng FBCS CITP

R Steenson FBCS

K Streater FBCS CITP

D Toms MBCS

A G Williamson CEng FBCS CITP

PAST PRESIDENTS

2018/19 C Rees

2017/18 P Martynenko

2016/17 R J Long CB

2015/16 J Creese

2014/15 E A Bacon

2013/14 R Marshall

2012/13 R J Harvey

2011/12 M J Norton FREng

2009/11 E A Sparrow

2008/09 A W Pollard

2007/08 R H A Burnett

2006/07 Sir Nigel Shadbolt FREng

2005/06 C E Hughes

2004/05 D Morriss

2003/04 Dame Wendy Hall DBE FRS FREng

2002/03 J L Ivinson †

2001/02 N G McMullen †

2000/01 A J P Macdonald CB

1999/00 D F Hartley

1998/99 I C Ritchie CBE FRSE FREng

1997/98 Sir Brian Jenkins GBE

1996/97 R J McQuaker †

1995/96 G W Robinson CBE FREng

1994/95 D W Mann

1993/94 J P Leighfield CBE

1992/93 R G Johnson

1991/92 S C T Matheson CB

1990/91 A R Rousell

1989/90 Dame Stephanie Shirley CH DBE

FREng

1988/89 B W Oakley CBE †

1987/88 E P Morris TD

1986/87 Sir John Fairclough †

1985/86 R A McLaughlin

1984/85 E S Page

1983/84 D Firnberg

1982/83 HRH The Duke of Kent KG

1981/82 P D Hall OBE †

1980/81 F J Hooper †

1979/80 J L Bogod †

1978/79 F H Sumner †

1977/78 P A Samet †

1976/77 G A Fisher

1975/76 C P H Marks †

1974/75 E L Willey †

1973/74 R L Barrington

1972/73 G J Morris

1971/72 A S Douglas CBE †

1970/71 A d'Agapeyeff OBE †

1969/70 The Earl of Halsbury †

1968/69 B Z de Ferranti †

1967/68 S Gill †

1966/67 The Earl Mountbatten of Burma KG PC

OM †

1965/66 Sir Maurice Banks †

1963/65 Sir Edward Playfair KCB †

1962/63 R L Michaelson †

1961/62 D W Hooper †

1960/61 F Yates CBE †

1957/60 Sir Maurice Wilkes FRS FREng †

†deceased

EXECUTIVES

Group Chief Executive - P Fletcher FBCS

Group Finance Director – R Deri FCA MBCS

Director – Education – J Adamson AMBCS

Director – Marketing - C Harris MBCS CITP

Director – IT and Operations – W McNeil MBCS
(from 24 September 2018)

Director – Policy - W Mitchell FBCS CITP

Director - Membership – H Porter (from 1 July 2019)

Director – External Affairs - A Thilthorpe FBCS

Managing Director, BCS Learning & Development Limited
– L Ireland MBCS

DISTINGUISHED FELLOWS

E Upton CBE

S Peyton Jones FRS

M Lane Fox, Baroness Lane-Fox of Soho CBE

Dame Wendy Hall DBE FRS FREng

S Furber CBE FRS FREng

H Hauser CBE FRS FREng

W East FREng

V Cerf

S McNealy

P T Kirstein CBE FREng

D Deutsch FRS

Sir Tim Berners-Lee OM KBE FRS FREng

W H Gates III KBE

F P Brookes FREng

R Wilmot OBE

Wladyslaw M Turski †

A J Robin E Milner †

I M Barron CBE

D E Knuth

G M Amdahl

Sir C Antony Hoare FRS FREng

C W Bachman †

Lord Bowden †

D W Davies †

I L Auerbach †

J H Wilkinson †

T Kilburn †

A P Ershov †

Sir Maurice Wilkes †

G M Hopper †

C Strachey †

E W Dijkstra †

†deceased

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PRESIDENT'S MESSAGE

It has been my great pleasure to preside over what has been an important year of turnaround, achievement and growth for the Institute.

In June, I was proud to be part of our inaugural BCS Insights conference, held at the spectacular Crystal building in London. BCS Insights 2019 brought together thought leaders, policy makers and experts across academia and industry to debate the future of IT. The conference was an opportunity to unveil new BCS research on diversity and inclusion within our profession and the impact and opportunity of artificial intelligence to IT workers, the UK economy and society at large.

At this conference and many events I have attended it is clear how rapidly the world of IT is evolving. New roles and ways of working have quickly evolved and the "IT skills gap" is a major discussion point at events and also through our member research. Responding to the pace of change within our industry is a major challenge. The disciplines where gaps are highlighted are not surprising as they have been themes for several years, but still include data science, cloud, big data, machine learning, agile, python and cyber security issues of all stripes. An interesting addition to that list in our research this year is blockchain.

We have also been talking to our members and the wider profession about the public's trust in the IT profession. There is clearly much concern around public trust in artificial intelligence and the success of large scale IT projects; however, among our insights the biggest single concern was "use of personal data by organisations" where 47% of respondents said they felt trust in this area was now much lower than five years ago. The ethical dimension came into some of this insight too, with insufficient representation of women in technology and a lack of moral standards in the exploitation of data.

These are all areas that contribute to the ongoing focus of the Institute in its important role of helping to create a competent and ethical profession that is diverse, inclusive and plentiful in talent at all levels. We are regularly consulted by government and other key bodies on professional, ethical and economic issues affecting the IT industry and in the last year we continue to see ethics so often at the heart of the challenges we are engaged to provide our expertise and voice.

An example is the increasing use of facial recognition technology which has prompted much media attention to this topic this year. In August we were pleased to set out why abuse of facial biometric data means we need to get serious about safeguards. Our consultations in the last year have highlighted the severe risks of biometric data misuse including highlighting how poor data governance within organisations can result in their being unable to effectively monitor how data is used, who is using the data or where duplicates of data are stored, all of which may result in any unethical practice going undetected.

Education is my passion and I have worked for many years in the education sector and with children's charities, Academies and Universities. So it was wonderful to see great strides being made during 2019 in furthering our vision for every child in every school to have access to a world-leading computing education. As part of the consortium driving the National Centre for Computing Education (NCCE) alongside Raspberry Pi Foundation and STEM Learning, we have now enrolled over 6,000 teachers in England for computer science training – to develop, teach and inspire the next generation of computing professionals and digitally native citizens. We welcomed news this year that the number of pupils opting to take computer science at A Level and GCSE continues to rise, for the sixth successive year. And furthermore, that the gender gap continues to narrow, with girls now making up 21.7% of all GCSE entries. The NCCE aims to increase the number of pupils in schools and colleges who study computer science at GCSE and A Level, particularly girls, and those from disadvantaged areas.

We also continue to celebrate the milestones achieved in partnership with BT for the Barefoot Computing programme. The programme has now delivered free classroom-ready teaching resources to over 70,000 primary school teachers helping more than 2 million children be confident with the underlying principles of computational thinking. We are proud to say that 95% of Barefoot teachers say our professional development workshops improved their confidence and ability in the classroom.

Our achievements across all the work of Institute owes much to the great work, passion and commitment of our members and staff. Our members are critical to our ongoing success and I am pleased to see plans in place this year to improve engagement and strengthen our membership proposition, supporting people coming into the IT profession. I have particularly valued the opportunity to meet many of our members and to learn more about the branches and specialist groups that form our BCS community. My year as President has given me the opportunity to not just extensively travel across the UK, but also to visit Sri Lanka where I was hugely impressed by the extraordinary achievements and event planning professionalism of our small team of BCS staff and volunteers.

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PRESIDENT'S MESSAGE (continued)

It is clear that our Institute is held in high regard and its contribution in the UK and to the global IT profession appreciated and valued.

I've enjoyed the opportunity to listen to members' ideas and concerns, feeding them back to the BCS executive team and Trustee Board for action.

We should all be very proud of our Institute and what we are achieving. Thank you to everyone who has made my year as President so enjoyable and who has contributed to the achievements of BCS in 2019 to help make IT good for society.

**Michael Grant FBCS
President 2018-19
27 November 2019**

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GROUP CHIEF EXECUTIVE'S REPORT

The past year has certainly crystallised some of the big issues society is facing over the coming years. The accelerating evolution of Social Media, Artificial Intelligence, Cyber Security, Data Protection together with Geopolitical tensions and not least the challenges of Brexit mean that the work of BCS is increasingly valuable in guiding the profession and supporting IT workers. During this last year the Institute continues to make significant contribution across a wide range of programmes and made progress in implementing the key strategic and charitable objectives.

The insights that come from our member-driven research help guide and point toward the issues, challenges and opportunities for both our work as an Institute, and the profession and society as a whole. For example, we started producing our IT leaders research in 2012 – and since that time business transformation and organisational change have always been very high on the agenda; the priorities of 2019 were continuous innovation, operational efficiencies, business transformation and organisational change. However, only 12% of participants felt their organisation had enough resources to achieve success in 2019. The theme of doing more with less and maximising the efficiency of current staff was quite common in the comments we received and something we expect to see reflected as we continue to work to identify and address the digital challenges facing our profession and wider society.

The year 2018/19 has been one of transformational change for the organisation. We have worked hard to ensure that we are using our resources efficiently and ended the year with a dramatically improved financial position. We have seen a decline in our individual paying membership numbers in the year, however a plan is being implemented to attract, retain and grow membership and to develop the membership proposition. I am pleased to report that our BCS Learning & Development subsidiary has returned to profitability, delivering a net profit before tax of £518k compared with loss of £1.6m in the prior year and allowing us to reinvest in further developing support for our members and the future of the profession.

The financial performance of the Group for 2018/19 resulted in total income increasing by 5% to £20.6m compared with £19.6m in 2017/18. Net expenditure before tax was reduced to £0.3m compared with £3.9m in the previous year.

We have continued to diversify and grow products that drive standards in both education and professional certification, and it is particularly pleasing to see that our investments in Apprenticeships is proving so successful and we have now registered over 14,000 digital apprentices.

Looking at some of the achievements in the year:

We have launched a landmark agreement with the College of Healthcare Information Management Executives (CHIME) so that BCS members can access CHIME's online materials and gain admission to the CHIME healthcare CIO qualification programme. This supports our ongoing programme of activity to promote the adoption of recognised professional standards by IT staff working in healthcare. We continue to encourage all those working in the sector to sign up for the Federation of Informatics Professionals register (FEDIP) which is the only public register for informatics professionals in the UK dedicated to delivering better health and care through the advanced use of technology.

It was a major achievement to establish the National Centre for Computing Education with our consortium partners STEM Learning and the Raspberry Pi Foundation. The level of investment from the Department for Education for this four year programme is unprecedented anywhere in the world for teacher training in the field of computing and computer science.

We were commissioned by the government's office for artificial intelligence to carry out an independent review into what could be done to tackle the severe shortage of AI practitioners. Our report "Scaling Up The Ethical Artificial Intelligence MSc Pipeline" estimates the need for 3,000 MSc graduates in this field every year. Our report involved extensive consultation with more than 50 universities and blue-chip companies including ARM, BAE Systems, IBM, Deloitte, BT Technology and Microsoft along with the Institute of Coding, the Royal Academy of Engineering, the Office for Students and several government departments. Our report looked at several possible strategies for achieving the required numbers, including adopting as a matter of urgency good practices for improving diversity that are already being proposed in other, related fields such as engineering. We also welcomed the government's announcement that it would be making a £13.5m investment to fund new degree and Masters conversion courses and scholarships at UK academic institutions over the next three years, designed to enhance diversity.

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GROUP CHIEF EXECUTIVE'S REPORT (continued)

BCS is a registered Apprenticeship Assessment Organisation, responsible for carrying out independent End Point Assessments on a range of the new digital IT apprenticeships. We are delighted to see the continued strong adoption and growth of digital apprenticeships in our country. In the last year we saw our 2,000th digital apprentice complete their assessment through BCS. We have further demonstrated our commitment to Digital Apprenticeships by becoming the official sponsor of the "SME Employer of the Year Award" as part of the National Apprenticeship Awards programme.

In January we gave evidence to the House of Commons Select Committee Inquiry: Brexit, Science and Innovation: Preparations for 'No-deal' which was investigating the likely impact on IT and technology if the UK leaves the EU without an agreement. Our submission highlighted that a no-deal Brexit could cause damage to the future of science and innovation in the UK and potentially undermine the country's position as a leading digital economy in areas as far-ranging as filling tech vacancies to trust in the reliability of UK research organisations.

Our Member Groups continued to be very active in running networking events and our many volunteers display amazing energy and commitment. We know from our surveys that members are positive about the organisation, but they are also challenging us regarding how they benefit from membership. Overall membership numbers continue to be an area of challenge and focus. This year we are investing in how we interact with members and also how we grow our base, including the addition of a new dedicated Membership Director and a re-alignment of Institute resources to focus more of those towards our membership objectives. We are currently developing better routes into and through membership that will be more flexible whilst maintaining high standards.

We are making positive progress with our Organisational Membership helping many organisations assess and build the capabilities of their IT teams and growing organisation membership by over 1000 people.

In August 2019 we relocated our London base for members and events to a wonderful venue in Copthall Avenue near Moorgate, and I congratulate our staff and volunteers who planned and organised such a successful project.

I am pleased to report that the 2019/2020 year has started well, and we continue to operate in a position where our finances are far better balanced. In the early part of 2020, we will be relocating our Swindon head office from North Star House to newly refurbished offices in Swindon town centre, giving us a wonderful opportunity to introduce some new and more modern ways of working. I would like to thank those BCS members and staff who are so committed to the continued ongoing success of the Institute and we look forward to working with our members, volunteers, staff and partners to deliver against an exciting agenda in the coming year.

Paul Fletcher FBCS
Group Chief Executive
27 November 2019

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TRUSTEES' REPORT

The Trustees' Report covers the activity of the Institute for the year ended 31 August 2019.

1. THE INSTITUTE'S OBJECTIVES

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

Delivering Public Benefit

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

The Institute's membership at 31 August 2019 and 2018 is shown below:

	Number of Members	
	2019	2018
Fellows	3,157	3,249
Members	35,226	35,687
Associate members	10,930	15,460
Companions	6	6
Students	9,874	9,677
Affiliates	1,709	1,912
	<u>60,902</u>	<u>65,991</u>

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

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

- Supporting careers – we provide professional development pathways and opportunities
- Sharing expertise – we inspire innovation through knowledge sharing and collaboration
- Improving education – we empower people of all ages with the right computing skills and understanding
- Influencing practice - we work with industry and education to shape policy and practice
- Driving standards - we raise the levels of professionalism and performance across IT

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

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

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TRUSTEES' REPORT (continued)

Leadership

Over the year, the Institute has been focusing on a number of challenges, not least in reshaping the organisation and ensuring that it is fit for the future. Our work in forming a consortium to successfully bid for the running of the National Centre for Computing Education (NCEE) shows where we can make a significant difference with limited resources; the establishment of Fed-IP in Healthcare shows the influence of BCS and how we have a vital role in informing public policy on how IT can contribute to society as well as championing the global IT profession.

Community

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

Excellence

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

3. ACTIVITY REPORTS

An overview of the key activities of the Institute is included in the President's Message and Group Chief Executive's Report on pages 2 to 5.

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

BCS Academy of Computing

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

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

In November 2018 BCS was part of a consortium awarded a 4-year contract by the Department for Education to establish the National Centre for Computing Education (NCCE).

NCCE: The National Centre for Computing Education is a new initiative created to ensure that every child has access to a world-leading education in computing. Funded by the Department for Education, following the Royal Society Report – "After the Reboot", BCS partnered with STEM Learning and the Raspberry Pi Foundation to form a consortium. The National Centre will work to inspire, train, develop, and equip computing teachers at all stages of education from primary through to A' level. It will improve the knowledge and skills of computing teachers so that they can equip their students to meet the challenges and opportunities of our increasingly digital world.

Within the consortium, BCS leads on academic standards including certification of the continuous professional development, as well as the Computing at School Community of Practice, and engagement with industry. Several BCS members contribute to other strands (teacher upskilling, events for A-level students) as well.

In August 2019, the end of the first contract year, the consortium had achieved all its Key Performance Indicators. In addition, a total of £500,000 of industry donations had been received from BT, Microsoft, Arm, Nationwide and Rolls Royce, and CAS had 272 Community Leaders, volunteers who lead local communities of practice.

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TRUSTEES' REPORT (continued)

BCS Teaching Scholarships: The DfE awarded BCS a 3-year grant to run teaching scholarships for trainee computing teachers for the period 2018/21, where each scholarship is worth £28,000 and is tax free. The scheme

is now in its fifth year, and scholars receive ongoing support and development including a range of CPD, resources and mentoring.

Barefoot Computing project: Back in 2014, BCS were awarded a £1m DfE grant to run the Barefoot Computing project, which is now being run in partnership with BT. The project provides cross curricular computer science exemplifications for primary schools that demonstrate how learning in English, maths, science and history can be improved through teaching computer science. Barefoot Computing has benefitted over 70,000 teachers, reaching over 2 million primary aged pupils and engaged 1000's of industry volunteers in In-school workshops.

In the Pye Tait survey of schools report from September 2017, Barefoot Computing and CAS were the top two most beneficial supporting organisations and resources as indicated by surveyed teachers in primary schools and Computing at School was the top supporting organisation in secondary schools. In surveyed secondary schools/colleges, CAS resources account for more than a third (37%) of all external resources used.

Quantum: 'tests worth teaching to': Microsoft, Google and ARM have provided a grant of £250k in 2017 to CAS to create a crowd sourcing platform where teachers can develop and refine classroom assessment materials. Quantum now includes over 45,000 crowd sourced formative assessment tests.

Shadbolt review of Computer Science degree accreditation: BCS supported the Department for Business, Energy and Industrial Strategy (BEIS) review of Computer Science degree accreditation and graduate employability chaired by Sir Nigel Shadbolt. As a result of the report, BCS has now successfully piloted a new accreditation scheme for placement students at the University of Bath, which is being rolled out as an option available to all universities. BCS Accreditation requires *all* students on accredited courses to be taught the basics of CyberSecurity, and this has happened in over 70 universities so far, with the rolling programme designed to reach all by September 2020. BCS now accredits to the Registered IT Technician (RITTech) standard.

Community Board

Vice-President & Chair: Alastair Revell

The Community Board has responsibility for the strategic oversight of the Institute's Member Group Community as well as all aspects of its membership, including applications, recruitment, retention, member benefits and communications.

The Board's aims are broadly:-

- to establish and maintain a clear strategy for the Member Group Community that clearly aligns with the Institute's purpose and strategic objectives;
- to manage all the groups that report to it, ensuring that all the Member Group Community activities meet the objects of the Royal Charter;
- to develop and maintain policies, procedures and services to grow and sustain the BCS membership and its community, both within the United Kingdom and internationally;
- to develop BCS volunteers working within the Member Group Community to improve its overall effectiveness;
- to build a powerful community that goes beyond IT that can help the Institute achieve its purpose, while assisting IT practitioners meet meaningful standards that deliver results and inspiring debate around IT as well as fostering learning for the good of society;
- to act as a champion for BCS membership and the whole Member Group Community; and
- to provide effective, responsive and focused support, encouragement and guidance for the entire Member Group Community.

The Community Board has engaged in a major revitalisation of its work during the year, launching the New Beginnings Programme to improve the support given to the Member Group Community and to increase its effectiveness in growing and sustaining membership.

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TRUSTEES' REPORT (continued)

The Community Board has rearranged how it works and is now supported by the Programmes, Practice and Policy Committee and the Finance Committee. These committees focus on the operational and financial aspects of running the Member Group Community.

The Member Group Community includes the Institute's sections, branches, specialist groups and student chapters that are at the heart of the Institute. They run in the region of 60 events each month on a vast range of computing-related topics, engaging members in the United Kingdom and around the globe.

The New Beginnings Programme is working closely with both volunteers and staff in the Member Group Community to ensure that the Institute remains relevant to and increases its engagement with those working in the IT profession. An example of how closely volunteers and staff are now working together inside the Community is the new Community Forum, an online collaborative tool, which allows for continuous dialogue between conventions amongst key stakeholders that is leading to very important improvements in how we work together. The forum is extremely vibrant, reflecting the passion and dedication of our volunteers and staff alike.

The Board currently has a working group focused on helping the newly appointed Membership Director examine how to grow and sustain the Institute's membership.

The Board is supported by three executive committees that report directly to it. These bodies help focus the expertise within the BCS Community and aim to work closely with the relevant Member Groups.

The Health & Care Executive Committee works with government, industry and other bodies to improve the use of informatics in health and raising public awareness and confidence in health informatics. The Security & Privacy Executive Committee aims to build on the work of the former Security Community of Expertise to take forward work plans on topics such as cyber security professionalism and the future of data protection and privacy. The Early Career Executive Committee is currently being formed to focus on the needs of those professionals in the early stages of their career. It is envisaged that it will work closely with the entire BCS Community to ensure that the Institute provides valuable support to the next generation of IT professionals.

Organisation and Employers Board

Vice-President & Chair: Rebecca George OBE

The Board's main objectives are to:

- increase the number of Organisation Members
- champion the involvement of organisations, especially those that employ IT professionals, in the Institute's purpose of making IT good for society
- promote the IT profession and relevant recognition and accreditation to organisations with the ambition that this profession is valued and respected for excellence, rigour, creativity and innovation for the benefit of all in society; with special attention to new/young/digital members
- ensure that all activities undertaken to promote the IT profession are risk managed with appropriate mitigations

The Board has set up the following workstreams, aligned to BCS purpose and their objectives:

- increasing the number of new organisation members in the private, public and third sector, with an initial focus on three sectors – health, technology and the third sector
- creating an ambassador programme to support BCS Fellows to introduce potential new organisation members and Fellow candidates
- develop a 'digital dipping' offering, initially for non-digital staff in organisation member organisations, to up-skill large populations in digital understanding

A key principle of the work that the O&E board does is collaboration – internally and externally.

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TRUSTEES' REPORT (continued)

Society Board

Vice-President & Chair: Stephen Pattison

The Society Board was established in August 2017. The Society Board remit is:

- To ensure that the society-facing activity of BCS is effective, impactful and strategic.
- To champion BCS in civil society
- To commission, review and approve policies, procedures and services to facilitate effective external relations in political and media spheres, involving a broad spectrum of members in this activity, and to support development of organisational partnerships around societal goals.

Thanks to the efforts of the Society Board BCS has:

- successfully bid as part of a consortium to form the new UK Cyber Security Council, which will advance professionalism in the Cyber Security sector including enhancing ethical practice and standards of competency
- provided advice and guidance to the Office for Students on establishing new AI MSc conversion courses suitable for arts and humanities undergraduates, which sets expectations for ethical practice to be embedded throughout the curricula and for courses to have comprehensive recruitment, retention and development processes that fully implement best practice in diversity and inclusivity
- robustly championed the need for ethical professional practice in major consultations with parliamentary select committees and government departments
- completed a major study for the Office for AI on desirable skills employers need from postgraduates of AI courses, which was successfully launched at the international CogX conference in London Tech week
- partnering with the Royal Academy of Engineering for their study looking at the ethics and safety of autonomous systems
- joined the National Engineering Policy Centre, hosted by the Royal Academy for Engineering, which means BCS as part of the wider engineering community will be more effective at influencing government policy

Registration and Standards Committee

Chair: Paul Martynenko FBCS

The purpose and key responsibilities of the Registration and Standards Committee are to oversee the regulation of the BCS Chartered IT Professional and Registered IT Technician standards and admission of members to BCS and award of CITP, CEng/IEng, RITTech and FedIP registration.

The terms of reference of the Committee have been revised with regard to its membership to facilitate recruitment from under-represented groups. Members will normally be Chartered members of BCS but other members may join the Committee subject to demonstrable understanding of the value of membership and certification for individuals at every stage of their careers.

During the past year the Committee has:

- Maintained oversight of:
 - BCS standards and the licensing of awarding bodies;
 - Agreements with other organisations to enable entry to the CITP and RITTech registers without further assessment where appropriate;
 - all regulatory policies covering the award of BCS standards and the policies concerning membership of BCS and the professional registration of BCS members; and
 - BCS' compliance with its obligations as a Professional Engineering Institution
- Having due regard for the role of governance, evaluated and discharged its responsibilities and agreed terms of reference for member panels. These panels oversee the operational aspects of implementing

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

agreed policy connected with the admission of members, the award of professional registration to members of BCS and appeals against decisions made in assessment.

Risk Audit and Finance Committee

Vice-President Finance & Chair: Ben Booth

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

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

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

RAFc held four meetings and fulfilled its obligations and responsibilities to Trustee Board including its review of the Risk Register and annual audit meeting with the external auditors.

During the year, Trustee Board asked VP-Finance to review the risks facing the BCS Group arising from changes in the digital skills environment and some of its other markets and the impact of the resultant business changes. The Business Plan for BCS Learning & Development Ltd has been closely monitored and a breakeven budget was proposed for 2018/19, moving into profit the year after, mainly as a result of growth in Apprenticeships. It was concluded that the reasons to have a separate commercial subsidiary to transact commercial business remain valid and no further change to the Group's structure is considered necessary.

BCS Council

Chair: Iain Thompson

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

During the year, Council has considered a wide range of topics, and provided comment to Trustee Board on the business plan for the year and the business strategy going forward. Council and Trustee Board held a joint strategy development day in January 19.

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

- Ethics and AI
- Observations from PARN on Council self evaluation
- Unconscious bias and equal opportunity
- The developing role of the Society Board
- Review of the BCS Strategy and Business Plan

4. FINANCIAL REVIEW (including policy statements)

BCS carries out a number of diverse activities in order to fulfil its charitable objectives. Revenues come from a combination of fee-charging, grant funding and a contribution from the trading subsidiaries and joint venture. This

BCS, The Chartered Institute for IT

TRUSTEES' REPORT (continued)

allows BCS to carry out a range of activities including funding member groups, events and activities, the provision of resources and content often without charge as well our work in education and policy.

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

During the period, the Group operating activities from unrestricted funds had net income of £192k (2018: net expenditure £3,501k). Total group revenues increase 5% to £20.6m (2018: £19.6m) mainly due to the improved performance of BCS Learning & Development Limited.

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

BCS Learning & Development Limited (BCS L&D) finished the year with a surplus of £518k before tax (2018: deficit before tax £2,145k). Income has increased by 8.6% in the year to £12,448k (2018: £11,462k) due mainly to the growth in the Digital Apprenticeship market. Apprenticeship revenue has increased to £4,953k (2018: £1,571k) as the company has continued to build on its expertise in this market to become a leading name in the delivery of Digital Apprenticeship standards and end point assessments.

In addition to operating activity, there was a decrease during the year in restricted funds of £635k (2018: £219k) reflecting expenditure of grants previously received, which is outlined in note 17 to the financial statements.

As at 31 August 2019 BCS's reserves and net assets were £7,933k (2018: £8,376k), the decrease reflecting the net expenditure mentioned above.

Remuneration of Key Management Personnel

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

In addition to the main boards and committees listed on page 16, BCS also has a Nominations Committee (members of which are responsible for nominating people for key roles, public honour and distinguished fellowship) and a Remuneration Committee.

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

BCS's policy is that no member of Trustee Board is remunerated for their services as a Trustee; see page 32.

Reserves Policy

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

The current level of consolidated "free reserves" which consists of the general funds represents approximately four months' operating costs which is within the three to nine month target range monitored on an annual basis. The consolidated free reserves in 2019 is £7,493k (2018: £7,301k).

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

The movement and description of the restricted fund is included in note 17 of the financial statements.

Risk Management Policy

The Trustee Board is responsible for the management of risks faced by the Institute. Detailed reviews of the effectiveness of the control environment for both financial and non-financial risks are delegated to all Boards and in particular the Group Risk Audit and Finance Committee (RAF), who are assisted by the Senior Staff

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TRUSTEES' REPORT (continued)

Management team. The risk management strategy includes the maintenance and regular review of the risk register which identifies strategic and operational risks. Additionally, a formal review of the risk management processes of the Institute is undertaken on an annual basis.

The key controls of the Institute include:

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

Through the risk management process of the Institute, the Trustees are satisfied that action is being taken to mitigate the major risks identified where necessary. It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed.

The Trustees have considered the implications of Brexit and do not consider there to be a significant impact on the business.

The most significant risks faced by the Institute are shown in the following table.

Description	Action Taken
BCS Learning & Development Limited suffers a material decline in net profit resulting in a reduction in gift aid to the Institute	<ul style="list-style-type: none"> • Restructure and reduction in cost base carried out during 2017/18 and continued in 2018/19 • Business planning gives focus on new product development to diversify income streams
Financial sustainability of the Institute's activities	<ul style="list-style-type: none"> • Longer term source of extra income is a priority and detailed in the business plan • Annual budget planning • Strategy and business planning with Trustee Board, Council and Executive teams with regular ongoing reviews are carried out
High complexity across the organisation requires robust governance processes	<ul style="list-style-type: none"> • Terms of Reference defined for each committee • Board effectiveness survey being completed annually • New organisational structure reduces complexity and improves the decision-making and governance processes.
Processes and systems are not fitting business needs nor offer sufficient protection for a business continuity occurrence	<ul style="list-style-type: none"> • Business continuity procedures have been well developed and BCS is certified against BCM standard ISO 22301 • Programme in place for all major systems to be cloud based
Risk of reduced income through decline in paid membership	<ul style="list-style-type: none"> • Membership consultation carried out to inform strategy and investment. • Project underway to align standards, products and services and create meaningful membership propositions

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TRUSTEES' REPORT (continued)

Investment Policy

The Institute holds a proportion of surplus cash as bank deposits and does not invest in higher risk equity investments. During the year the Institute has invested £2m in funds with CCLA who manage investments for charities, religious organisations and the public sector. The Trustees adopted this approach, given both the short and medium term requirements for the use of these funds, and the current economic volatility and uncertainties and to balance long term returns and security.

People with Disabilities

It is the policy of the Institute to encourage the employment and development of suitable people with disabilities. No unnecessary limitations are placed on the type of work that they perform, and the policy ensures that in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working

practices. Full and fair consideration will be given to applicants with disabilities for employment and existing employees who become disabled will have the opportunity to retrain if necessary and continue in employment.

Employee Involvement

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

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

Modern Slavery Act 2015 Statement

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

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

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

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

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

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

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

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

Supplier policy: BCS has a supplier policy and maintains a preferred supplier list. We conduct due diligence on all suppliers before allowing them to become a preferred supplier. We have introduced new

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TRUSTEES' REPORT (continued)

terms which apply to all of our suppliers and where suppliers have not agreed to them, we have removed them from our preferred suppliers list. These terms are detailed below.

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

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

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

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

5. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

The constitution of Trustee Board is:

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

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

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

Attendance at the seven Trustee Board meetings (including one telephone meeting) during the year was as follows:

Trustee	Attendance	
	Eligible	Present
Michael Grant	7	7
Rebecca George	7	6
Chris Rees	7	7
Gillian Arnold	7	6

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TRUSTEES' REPORT (continued)

Ben Booth	7	7
Tom Crick	7	6
James Davenport	7	6
Indranil Nath	7	7
Stephen Pattison	7	4
Alastair Revell	7	6
Helen Fletcher	5	5
James McCafferty	5	2
Margaret Ross	5	4
Michael Cooper	4	3
Rubi Kaur	4	3
Paul Martynenko	4	4
Paula Clarendon	2	2
Sam De Silva	2	2
Ronnie Isherwood	2	2
Kevin Streater	2	2
Iain Thompson	2	2

In addition, Trustee Board held two electronic meetings in the year.

Key Boards and Committees of Trustee Board

Part of the strategic imperative is for BCS to become substantially more outward-facing beyond the sector. This is driven by the changing context for IT; the increasing pivot towards social impact and people, and the resulting need for broader, multi-disciplinary engagement.

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

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TRUSTEES' REPORT (continued)

The Executive Management team is detailed on page 1.

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

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

The AGM was held in March 2019 and the following business was conducted:

- Adoption of the Trustees' Report and the Financial Statements for the year ended 31 August 2018.
- Reappointment of KPMG LLP as auditors.

Bankers

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

Legal Advisers

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

Auditors

The policy of the Risk, Audit and Finance Committee is to undertake an annual review of the performance of the auditors against specific criteria prior to reaching their recommendations for their reappointment. During the next three months, BCS is undertaking an audit tender process, in accordance with best practice, to confirm the appointment of auditors for the year ended 31 August 2020 at the 2020 AGM.

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 21 and note 23 to the financial statements.

Disclosure of information to auditor

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

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TRUSTEES' REPORT (continued)

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

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

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

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

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

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

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

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

By order of the Board

Michael Grant FBCS
Chair of Trustee Board
27 November 2019

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Independent auditor's report to the Trustees of The British Computer Society

Opinion

We have audited the group and charity financial statements of The British Computer (“the charity”) for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement, the Institute Statement of Changes in Reserves and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 August 2019 and of the group's and charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

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

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charity or to cease their operations, and as they have concluded that the group and charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charity will continue in operation.

Other information

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

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

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

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion: the charity has not kept sufficient accounting records; or

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Independent auditor's report to the Trustees of The British Computer Society (continued)

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 18, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date:

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

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2019

	Notes	General Fund £000	Restricted Fund £000	Total 2019 £000	Total 2018 £000
Income and endowments from:					
Investments	8	54	-	54	18
Charitable activities:					
Membership and Other Professional Programmes	4 (a)	6,627	1,264	7,891	8,034
Qualifications and Examination Programmes	4 (b)	11,950	-	11,950	10,977
Publications	4 (c)	492	-	492	496
		<u>19,069</u>	<u>1,264</u>	<u>20,333</u>	<u>19,507</u>
Other:					
Other income	6 (b)	226	-	226	76
		<u>19,349</u>	<u>1,264</u>	<u>20,613</u>	<u>19,601</u>
Total income and endowments					
Expenditure on:					
Charitable activities					
Membership and Other Professional Programmes	4 (a)	7,900	1,287	9,187	9,988
Qualifications and Examination Programmes	4 (b)	11,306	-	11,306	13,167
Publications	4 (c)	573	-	573	435
Goodwill amortised	10 (b)	194	-	194	194
		<u>19,973</u>	<u>1,287</u>	<u>21,260</u>	<u>23,784</u>
Total expenditure					
Net gains on investments		302	-	302	278
		<u>(322)</u>	<u>(23)</u>	<u>(345)</u>	<u>(3,905)</u>
Net expenditure before tax					
Tax	9	(98)	-	(98)	185
		<u>(420)</u>	<u>(23)</u>	<u>(443)</u>	<u>(3,720)</u>
Net expenditure for the year being net movement in funds					
Restricted Funds Transfer		612	(612)	-	-
		<u>192</u>	<u>(635)</u>	<u>(443)</u>	<u>(3,720)</u>
Net expenditure for the year being net movement in funds					
Reconciliation of funds					
Total funds brought forward		<u>7,301</u>	<u>1,075</u>	<u>8,376</u>	<u>12,096</u>
Total funds carried forward	16	<u>7,493</u>	<u>440</u>	<u>7,933</u>	<u>8,376</u>

All results arose from continuing activities.

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

The notes on pages 25 to 43 form part of these financial statements.

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BALANCE SHEETS

at 31 August 2019

	Notes	Group 2019 £000	Institute 2019 £000	Group 2018 £000	Institute 2018 £000
Fixed assets					
Intangible assets					
Goodwill	10(b)	1,807	-	2,001	-
Other intangibles	10(b)	86	-	298	-
		<u>1,893</u>	<u>-</u>	<u>2,299</u>	<u>-</u>
Tangible assets	10(a)	629	629	145	145
Investments	10(c)	1	4,396	1	4,396
		<u>2,523</u>	<u>5,025</u>	<u>2,445</u>	<u>4,541</u>
Current assets					
Debtors	11	3,059	2,361	2,759	3,166
Investments		-	-	1,000	1,000
Cash at bank – current holdings		3,981	3,250	7,107	6,252
– held on deposit		5,006	5,006	1,001	1,001
Total cash and cash equivalents		<u>8,987</u>	<u>8,256</u>	<u>8,108</u>	<u>7,253</u>
		<u>12,046</u>	<u>10,617</u>	<u>11,867</u>	<u>11,419</u>
Creditors: amounts falling due within one year	13	<u>(6,238)</u>	<u>(5,013)</u>	<u>(5,393)</u>	<u>(4,518)</u>
Net current assets		<u>5,808</u>	<u>5,604</u>	<u>6,474</u>	<u>6,901</u>
Total assets less current liabilities		<u>8,331</u>	<u>10,629</u>	<u>8,919</u>	<u>11,442</u>
Provisions for liabilities	15	<u>(398)</u>	<u>(398)</u>	<u>(543)</u>	<u>(543)</u>
Net assets		<u>7,933</u>	<u>10,231</u>	<u>8,376</u>	<u>10,899</u>
Funds					
General (unrestricted) fund	17	7,493	9,791	7,301	9,824
Restricted fund	17	440	440	1,075	1,075
		<u>7,933</u>	<u>10,231</u>	<u>8,376</u>	<u>10,899</u>

The notes on pages 25 to 43 form part of these financial statements.

These financial statements were approved by Trustee Board on 27 November 2019 and signed on its behalf by:

M Grant
President: 2018-19

B Booth
Vice-President Finance

P Fletcher
Group Chief Executive

BCS, The Chartered Institute for IT

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 August 2019

	Notes	2019		2018	
		£000	£000	£000	£000
Cash flows from operating activities					
Net Cash Flow from/(used in) operating activities	(a)		496		(2,801)
Cash flows from investing activities					
Dividends, interest and rent from investments		54		18	
Decrease/(increase) in cash investments		1,000		(1,000)	
Acquisition of tangible fixed assets		(612)		(47)	
Acquisition of intangible fixed assets		(59)		(251)	
Net cash from investing activities			383		(1,280)
Net increase/(decrease) in cash and cash equivalents			879		(4,081)
Cash and cash equivalents at 1 September 2018			8,108		12,189
Cash and cash equivalents at 31 August 2019			8,987		8,108

• **Reconciliation of net (expenditure)/income for the year to net cash flow from/(used in) operating activities**

	2019	2018
	£000	£000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(443)	(3,720)
Adjustment for depreciation and amortisation charges	590	793
Dividends, interest and rent from investments	(54)	(18)
Decrease/(increase) in trade and other debtors	(300)	846
(Decrease)/increase in trade and other creditors	845	(434)
Increase/(Decrease) in provisions	(145)	(268)
Loss on disposal of fixed asset	3	-
Net cash flow from/(used in) operating activities	496	(2,801)

BCS, The Chartered Institute for IT

INSTITUTE STATEMENT OF CHANGES IN RESERVES

	General Fund	Restricted Fund	As revised Total Reserves
	£000	£000	£000
Balance at 1 September 2017	11,169	1,294	12,463
Net (expenditure)/income for the period			
Net expenditure	(1,345)	(219)	(1,564)
Balance at 31 August 2018	9,824	1,075	10,899

	General Fund	Restricted Fund	Total Reserves
	£000	£000	£000
Balance at 1 September 2018	9,824	1,075	10,899
Net (expenditure)/income for the period			
Net expenditure	(33)	(635)	(668)
Balance at 31 August 2019	9,791	440	10,231

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. The charity number is 292786 and its registered office is 1st Floor North Star House, North Star Avenue, Swindon, Wiltshire, SN2 1FA.

2 **Accounting policies**

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

Basis of preparation

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

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

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No Statement of Cash Flows has been presented for the parent Company;
- Disclosures in respect of the parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the Institute and its active subsidiaries, BCS Learning & Development Limited and the Institute for the Management of Information Systems for the year ended 31 August 2019.

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

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

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

A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Public benefit entity

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

BCS, The Chartered Institute for IT

NOTES (continued)

Going concern

After reviewing the Group and Institute's forecasts and projections, the Trustees consider that there are no material uncertainties about the Group and charitable company's ability to continue as a going concern, based on the anticipated continued success and growth in the apprenticeship market and the reduction in the Group and Institutes cost base. The Trustees consider that the Group and Institute have adequate cash flows and cash based reserves in order to meet their liabilities as they fall due for at least a year from the date of approval of these financial statements. The Trustees therefore continue to adopt the going concern basis in preparing the financial statements.

Significant estimates and judgements

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date or any judgements made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, save for the risk around the carrying value of the investment held in the Institute accounts given the valuation relies on forecasts and the inherent uncertainty present in any forecast.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which ranges from two to twenty years based on the Trustees' assessment of useful economic life. The Group considers the useful economic life of the Activ Training goodwill to be twenty years and so is amortising accordingly.

Fund accounting

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

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

Income

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

Investment income from Joint Ventures (ITEXT) is recognised in the Institute account as the value of Gift Aid received. In the Group accounts it is recognised as a share of gains/losses of that entity.

Income from subsidiaries (IMIS and BCS Learning & Development Ltd) is recognised when the Gift Aid is legally declared.

Income from financial investments is recognised as it is accrued.

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

Examinations income is recognised when candidates sit examinations.

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

Membership subscription income is accounted on a receivable basis and represents only that part of the subscription which relates to the financial year for 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.

BCS, The Chartered Institute for IT

NOTES (continued)

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

Expenditure

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

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

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

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

Debtors

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

Creditors

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

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

Provisions for liabilities

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Foreign Currencies

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

Research and Product Development

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

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

BCS, The Chartered Institute for IT

NOTES (continued)

Taxation

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

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

Operating leases

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

Fixed Assets and depreciation

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

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

Investments

Investments in subsidiary, associate and joint venture undertakings are carried in the balance sheet of the Institute at cost, less any provisions for diminution in value. Joint venture undertakings are recognised in the Group accounts using the equity method. The original investment is initially recognised in cost adjusted for the Group's share of the profit/loss and reduced by the value of distributions received.

Pensions

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

Irrecoverable VAT

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

BCS, The Chartered Institute for IT

NOTES (continued)

3 Detailed comparatives for the consolidated statement of financial activities

	General Fund 2018 £000	Restricted Fund 2018 £000	Total 2018 £000
Income and endowments from:			
Investments	18	-	18
Charitable activities:			
Membership and Other Professional Programmes	6,515	1,519	8,034
Qualifications and Examination Programmes	10,977	-	10,977
Publications	496	-	496
	<u>17,988</u>	<u>1,519</u>	<u>19,507</u>
Other:			
Other income	76	-	76
	<u>18,082</u>	<u>1,519</u>	<u>19,601</u>
Total income and endowments			
Expenditure			
Charitable activities:			
Membership and Other Professional Programmes	8,250	1,738	9,988
Qualifications and Examination Programmes	13,167	-	13,167
Publications	435	-	435
Goodwill amortised	194	-	194
	<u>22,046</u>	<u>1,738</u>	<u>23,784</u>
Total expenditure			
Net gains on investments	278	-	278
	<u>(3,686)</u>	<u>(219)</u>	<u>(3,905)</u>
Net expenditure before tax			
Tax	185	-	185
	<u>(3,501)</u>	<u>(219)</u>	<u>(3,720)</u>
Net expenditure for the year being net movement in funds			

BCS, The Chartered Institute for IT

NOTES (continued)

4 Income and expenditure

	Income	Staff costs	Other direct costs	Support Costs	Governance Costs	Charitable expenditure	Surplus/ (deficit) 2019	Surplus/ (deficit) 2018
	£000	£000	£000	£000	£000	£000	£000	£000
4 (a) Membership and Other Professional Programmes								
Membership	6,072	1,794	(137)	1,813	471	3,941	2,131	2,073
Member Groups	136	157	449	141	42	789	(653)	(752)
BCS Academy /Education	305	317	(4)	651	50	1,014	(709)	(880)
Corporate Events /Marketing	114	1,038	126	765	227	2,156	(2,042)	(2,176)
	<u>6,627</u>	<u>3,306</u>	<u>434</u>	<u>3,370</u>	<u>790</u>	<u>7,900</u>	<u>(1,273)</u>	<u>(1,735)</u>
Government Grants	1,264	527	760	-	-	1,287	(23)	(219)
	<u>7,891</u>	<u>3,833</u>	<u>1,194</u>	<u>3,370</u>	<u>790</u>	<u>9,187</u>	<u>(1,296)</u>	<u>(1,954)</u>
4 (b) Qualifications and Examination Programmes	<u>11,950</u>	<u>2,331</u>	<u>5,431</u>	<u>3,544</u>	<u>-</u>	<u>11,306</u>	<u>644</u>	<u>(2,190)</u>
4 (c) Publications								
Journals and books	492	112	195	266	-	573	(81)	61
	<u>492</u>	<u>112</u>	<u>195</u>	<u>266</u>	<u>-</u>	<u>573</u>	<u>(81)</u>	<u>61</u>
4 (d) Goodwill amortised	<u>-</u>	<u>-</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>194</u>	<u>(194)</u>	<u>(194)</u>
4 (e) Support and governance costs								
Support costs (note 5)	-	3,247	3,934	(7,181)	-			
Governance costs (note 5)	-	406	383	-	(789)			
	<u>-</u>	<u>3,653</u>	<u>4,317</u>	<u>(7,181)</u>	<u>(789)</u>			
Total expenditure 2019		<u>9,929</u>	<u>11,331</u>					
Total expenditure 2018		<u>10,234</u>	<u>13,550</u>					

BCS, The Chartered Institute for IT

NOTES (continued)

Membership income comprises:

	2019	2018
	£000	£000
Membership Subscriptions:		
Subscriptions received during the year	5,752	5,805
Adjustments for subscriptions received in advance	(3)	64
	<hr/>	<hr/>
Net subscription income	5,749	5,869
Engineering Council	166	167
Other	157	151
	<hr/>	<hr/>
	6,072	6,187
	<hr/>	<hr/>

5 Support Costs Allocation

	Staff	Direct	2019	2018
	Costs	Costs	Total	Total
	£000	£000	£000	£000
IT	1,180	1,149	2,329	2,366
Finance & Administration, HR	896	971	1,867	1,870
Premises	184	1,251	1,435	1,421
Offices Supplies and Equipment	-	93	93	93
Depreciation & Amortisation	-	396	396	599
Secretariat & Legal	326	259	585	486
General and Administration	1,067	198	1,265	1,200
	<hr/>	<hr/>	<hr/>	<hr/>
	3,653	4,317	7,970	8,035
Allocation to individual Charitable Activities	(3,247)	(3,934)	(7,181)	(7,354)
Governance costs allocated to individual Charitable Activities	(406)	(383)	(789)	(681)
	<hr/>	<hr/>	<hr/>	<hr/>
	(3,653)	(4,317)	(7,970)	(8,035)
Governance costs comprise:				
Secretariat	326	259	585	486
Audit	-	45	45	58
Governance legal costs	-	64	64	66
Apportionment of Directorate	80	15	95	71
	<hr/>	<hr/>	<hr/>	<hr/>
	406	383	789	681
	<hr/>	<hr/>	<hr/>	<hr/>

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 allocation of costs shown are a best estimate of the support costs.

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

BCS, The Chartered Institute for IT

NOTES (continued)

6 (a) Net income

	2019 £000	2018 £000
<i>Net income is stated after charging:</i>		
Audit of these financial statements	25	26
Audit fee prior year	-	12
Amounts receivable by the auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	20	20
Other services relating to taxation	22	13
All other services	2	7
Depreciation and other amounts written off owned tangible fixed assets	125	200
Amortisation of intangible assets	271	399
Amortisation of goodwill	194	194
Hire of assets under operating leases	922	877
<i>and after crediting:</i>		
Rent receivable	(51)	(62)

6 (b) Other income

	2019 £000	2018 £000
Miscellaneous income	226	76

7 Staff numbers and costs

The average number of persons employed by the Group during the year was 228 (2018: 244). The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	8,650	8,502
Redundancy and ex-gratia payments	38	394
Social security costs	833	896
Pension costs (see note 20)	408	442
	<u>9,929</u>	<u>10,234</u>

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

Remuneration of Trustees

No Trustees have received any form of remuneration for their services provided to the Institute or its subsidiary undertakings. During the year, 17 Trustees (2018: 13) were reimbursed for expenses of £23,610 (2018: £22,149) incurred for undertaking their duties and attending meetings on behalf of the Institute.

BCS, The Chartered Institute for IT

NOTES (continued)

Employees

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

	Total	2019 Institute	L&D	Total	2018 Institute	L&D
£320,000 – 329,999	1	1	-	-	-	-
£250,000 – 259,999	-	-	-	1	1	-
£170,000 – 179,999	2	1	1	-	-	-
£140,000 – 149,999	-	-	-	1	1	-
£130,000 – 139,999	-	-	-	1	1	-
£120,000 – 129,999	-	-	-	1	-	1
£110,000 – 119,999	3	3	-	-	-	-
£100,000 – 109,999	1	1	-	3	3	-
£90,000 – 99,999	2	1	1	-	-	-
£80,000 – 89,999	2	-	2	2	1	1
£70,000 – 79,999	3	2	1	4	3	1
£60,000 – 69,999	3	2	1	4	2	2

The above analysis of emoluments excludes pension contributions of £97,255 (2018: £95,811) in respect of 16 (2018: 17) employees.

Key management personnel remuneration

The total employee benefits including pension contributions of the key management personnel were £1,474,439 (2018: £1,463,140).

8 Investment income

	2019 £000	2018 £000
Interest receivable on bank balances	54	18

9 Taxation

Total tax expenses/(credit) recognised in the statement of financial activities.

	2019 £	2018 £
Current tax		
Current tax on net expenditure for the period	98	-
Payment in respect of prior periods	-	222
Total current tax	98	222
Deferred tax		
Tax income related to incurred usable tax losses	-	(407)
Total deferred tax	-	(407)
Total tax included in statement of financial activities	98	(185)

BCS, The Chartered Institute for IT

NOTES (continued)

	2019 £	2018 £
Reconciliation of effective tax rate		
Net (expenditure)/income before tax	(345)	(3,905)
Current tax at 19% (2018: 19%)	(65)	(742)
Net expenditure not subject to corporation tax	163	335
Payment in respect of prior periods	-	222
	<hr/>	<hr/>
Total tax included in statement of financial activities	98	(185)
	<hr/>	<hr/>

The UK corporation tax reductions from 20% to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted on 26 October 2015. An additional reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016. The deferred tax assets and liabilities at 31 August 2019 have been calculated based on these rates.

The Institute, as a registered charity is exempt from taxation on its income and gains falling within section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. The tax in the period is in respect of tax relating to BCS Learning & Development Ltd.

There is a deferred taxation asset at 31 August 2019 of £309k (2018: £407k) arising in respect of incurred usable tax losses in BCS Learning & Development Ltd (note 12).

10 Fixed assets

(a) *Tangible fixed assets:*

<u>Group</u>	Short leasehold improvements £000	Office and computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 September 2018	543	469	243	1,255
Additions	411	105	96	612
Disposals	(195)	(240)	(58)	(493)
At 31 August 2019	<hr/> 759	<hr/> 334	<hr/> 281	<hr/> 1,374
Depreciation				
At 1 September 2018	517	437	156	1,110
Charged for year	55	42	28	125
On disposals	(192)	(240)	(58)	(490)
At 31 August 2019	<hr/> 380	<hr/> 239	<hr/> 126	<hr/> 745
Net book value				
At 31 August 2019	<hr/> 379	<hr/> 95	<hr/> 155	<hr/> 629
At 31 August 2018	<hr/> 26	<hr/> 32	<hr/> 87	<hr/> 145
	<hr/>	<hr/>	<hr/>	<hr/>

BCS, The Chartered Institute for IT

NOTES (continued)

<u>Institute</u>	Short leasehold improvements £000	Office and computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 September 2018	543	469	243	1,255
Additions	411	105	96	612
Disposals	(195)	(240)	(58)	(493)
At 31 August 2019	759	334	281	1,374
Depreciation				
At 1 September 2018	517	437	156	1,110
Charged for year	55	42	28	125
On disposals	(192)	(240)	(58)	(490)
At 31 August 2019	380	239	126	745
Net book value				
At 31 August 2019	379	95	155	629
At 31 August 2018	26	32	87	145

The fixed assets are held for charitable activities.

(b) Intangible fixed assets:

<u>Group</u>	Goodwill £000	Product Development £000	Total £000
Cost			
At 1 September 2018	4,452	984	5,436
Additions	-	59	59
At 31 August 2019	4,452	1,043	5,495
Amortisation			
At 1 September 2018	2,451	686	3,137
Charged in year	194	271	465
At 31 August 2019	2,645	957	3,602
Net book value			
At 31 August 2019	1,807	86	1,893
At 1 September 2018	2,001	298	2,299

(c) Investments:

<u>Institute</u>	Shares in group undertaking £000	Participating interests £000	Total £000
At 1 September 2018	4,395	1	4,396
Additions	-	-	-
At 31 August 2019	4,395	1	4,396

BCS, The Chartered Institute for IT

NOTES (continued)

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

	Company Registration	Country of Incorporation	Principal activity	Direct/ Indirect	Class and percentage of shares held
Subsidiary undertakings					
Activ Training Limited	03123597	England and Wales	Dormant	Direct	100% of ordinary shares
BCS Learning & Development Limited	01005485	England and Wales	Qualifications & Publications	Direct	100% of ordinary shares
Institute for the Management of Information Systems	01160852	England and Wales	Examinations & Standards	Direct	100% limited by guarantee
BCS ITEXT Limited	02624911	England and Wales	Dormant	Direct	100% of ordinary shares
Information Systems Examination Board Limited	02474836	England and Wales	Dormant	Indirect	100% limited by guarantee
i-2-K Limited	04231899	England and Wales	Dormant	Direct	100% of ordinary shares
Communications Management Association	02238045	England and Wales	Dormant	Direct	100% limited by guarantee
Institute for Communications Arbitration and Forensics	04452710	England and Wales	Dormant	Indirect	100% limited by guarantee
ICAF Limited	04227423	England and Wales	Dormant	Indirect	100% of ordinary shares

The registered address of all the above entities is First Floor Block D, North Star House, North Star Avenue, Swindon, Wiltshire, SN2 1FA

Associated undertakings – joint ventures

ITEXT Limited	02717318	England and Wales	Production of Publications	Direct	50% of ordinary shares & 100% of preference shares
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Registered Address: Oxford University Press, Great Clarendon Street, Oxford, OX2 6DP

Activ Educate Limited	06343657	England and Wales	E-learning Software	Indirect	50% of ordinary shares
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BCS, The Chartered Institute for IT

NOTES (continued)

Registered Address: First Floor Block D, North Star House, North Star Avenue, Swindon, Wiltshire, SN2 1FA

Associated undertakings – associates

SFIA Foundation	04770377	England and Wales	Skills Framework	Direct	20% limited by guarantee
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Registered Address: 5 Fleet Place, London, EC4M 7RD

The Institute holds the following other investments:

	Company Registration	Country of Incorporation	Principal Activity	Direct/ Indirect	Class and percentage shares held
European Computer Driving Licence Foundation (ECDL-F)	259212	Ireland	IT Examinations Licensing Body	Direct	3% limited by guarantee

Registered Address: The Grange, Stillorgan Road, Blackrock, Co. Dublin

Federation for Informatics Professionals (FED-IP)	10639143	England and Wales	Register and Standards	Direct	100% limited by guarantee
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Group

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

<i>Joint venture/associates</i>	2019 £000	2018 £000
Investment in joint venture:		
– share of gross assets	3	3
– share of gross liabilities	(2)	(2)
	<u>1</u>	<u>1</u>

11 Debtors

	Group 2019 £000	Institute 2019 £000	Group 2018 £000	Institute 2018 £000
Trade debtors	1,818	499	1,245	327
Prepayments and other debtors	932	743	1,107	706
Amounts owed by group undertakings	-	1,119	-	2,133
Deferred tax asset (note 12)	309	-	407	-
	<u>3,059</u>	<u>2,361</u>	<u>2,759</u>	<u>3,166</u>

Amounts owed by group undertakings includes a £800,000 (2018: £1,374,915) loan to BCS Learning & Development Limited which is repayable on demand and carries an interest rate of 4%. The remaining amount owed relates to the central costs recharge.

BCS, The Chartered Institute for IT

NOTES (continued)

12 Deferred tax asset

	Group 2019 £000	Institute 2019 £000	Group 2018 £000	Institute 2018 £000
Unused tax losses	309	-	407	-
	309	-	407	-

Of the £309,111 deferred tax asset £222,022 has been utilised in October 2019 as result of carrying back against 16/17 profits with the remainder to be utilised against future profits within 1 year.

13 Creditors

	Group 2019 £000	Institute 2019 £000	Group 2018 £000	Institute 2018 £000
Trade creditors	525	381	474	326
Other creditors	304	110	254	100
Accruals	1,863	1,221	1,121	567
Deferred income (note 13)	3,546	3,298	3,544	3,352
Amounts owed to group undertakings	-	3	-	173
	6,238	5,013	5,393	4,518

14 Deferred income

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

Group

	Events Income £000	Life Membership £000	Annual Membership £000	Examinations Income £000	Consultancy and Training £000	Total £000
Balance at 1 September 2018	11	160	3,183	144	46	3,544
Amounts released to incoming resources	(11)	(33)	(3,032)	(144)	(46)	(3,266)
Amount deferred in year	24	38	2,939	176	91	3,268
Balance at 31 August 2019	24	165	3,090	176	91	3,546

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 2018	11	160	3,181	-	-	3,352
Amounts released to incoming resources	(11)	(33)	(3,032)	-	-	(3,076)
Amount deferred in year	24	38	2,939	-	21	3,022
Balance at 31 August 2019	24	165	3,088	-	21	3,298

15 Provisions for liabilities

<u>Group</u>	Dilapidation Provision £000
Balance at 1 September 2018	543
Increase in provision	50
Reversed during the year	(195)
Balance at 31 August 2019	398

<u>Institute</u>	Dilapidation Provision £000
Balance at 1 September 2018	543
Increase in provision	50
Reversed during the year	(195)
Balance at 31 August 2019	398

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

The provision reversed during the year relates to the end of the lease on the Southampton Street, London office where dilapidations were not ultimately payable.

16 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed assets	2,522	-	2,522
Investments	1	-	1
Net current assets	5,368	440	5,808
Non-current liabilities	(398)	-	(398)
Net assets at the end of the year	7,493	440	7,933

BCS, The Chartered Institute for IT

NOTES (continued)

17 Funds

	2018	Incoming Resources	Outgoing Resources	Transfer	Net share of results of joint ventures	2019
	£000	£000	£000	£000	£000	£000
<u>Group</u>						
General Fund	7,301	19,349	(20,071)	612	302	7,493
Restricted Fund						
- Network of Teaching Excellence	581	-	(19)	(503)	-	59
- Scotland Computing at Schools	28	-	-	12	-	40
- Computing at Schools	127	23	-	(121)	-	29
- Countdown to Computing	29	-	(8)	-	-	21
- Barefoot Computing	125	-	(22)	-	-	103
- Scholarship Scheme	7	151	(130)	-	-	28
- Quantum	69	-	(2)	-	-	67
- Gatsby Foundation	-	241	(241)	-	-	-
- Microsoft Creative Computing	109	76	(92)	-	-	93
- National Centre for Computing Excellence	-	607	(607)	-	-	-
- IBM Artificial Intelligence	-	16	(16)	-	-	-
- Bursary	-	150	(150)	-	-	-
Total Funds	1,075	1,264	(1,287)	(612)	-	440
	8,376	20,613	(21,996)	-	302	7,933

The transfer is in relation to restricted fund expenditure coded incorrectly to the general fund.

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NOTES (continued)

	2018	Incoming Resources	Outgoing Resources	Transfer	Net share of results of joint ventures	2019
	£000	£000	£000	£000	£000	£000
<i>Institute</i>						
General Fund	9,824	7,256	(7,901)	612	-	9,791
Restricted Fund						
- Network of Teaching Excellence	581	-	(19)	(503)	-	59
- Scotland Computing at Schools	28	-	-	12	-	40
- Computing at Schools	127	23	-	(121)	-	29
- Countdown to Computing	29	-	(8)	-	-	21
- Barefoot Computing	125	-	(22)	-	-	103
- Scholarship Scheme	7	151	(130)	-	-	28
- Quantum	69	-	(2)	-	-	67
- Gatsby Foundation	-	241	(241)	-	-	-
- Microsoft Creative Computing	109	76	(92)	-	-	93
- National Centre for Computing Excellence	-	607	(607)	-	-	-
- IBM Artificial Intelligence	-	16	(16)	-	-	-
- Bursary	-	150	(150)	-	-	-
Total Funds	1,075	1,264	(1,287)	(612)	-	440
Total Funds	10,899	8,520	(9,188)	-	-	10,231

The restricted fund relates to the government grants received under the Network of Teaching Excellence, Scotland Computing at Schools, Computing at Schools, Countdown to Computing, Barefoot Computing, Digital Education Scotland, Computer Science Teaching Scholarship, Quantum, Gatsby Foundation, Microsoft Creative Computing Schemes, National Centre for Computing Excellence, IBM Artificial Intelligence and Bursary.

18 Operating leases

Non-cancellable operating lease rentals for the Group are payable as follows:

	2019		2018	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Within 1 year	481	-	734	5
Within 2 to 5 years inclusive	919	-	419	-
After more than 5 years	1,029	-	-	-
	<u>2,429</u>	<u>-</u>	<u>1,153</u>	<u>5</u>

19 Capital commitments

There were no capital commitments at 31 August 2018 and 2019.

BCS, The Chartered Institute for IT

NOTES (continued)

20 Pensions

The Group operates one pension scheme arranged through Standard Life. The scheme invests 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 £408,000 (2018: £442,000). There are no outstanding or prepaid contributions at the balance sheet date.

21 Related party disclosures

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

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

- i) The Institute received income during the period of £301,775 (2018: £278,171) being the covenanted 50% share of the pre-tax profits of ITEXT Limited and £20,000 (2018: £20,000) rental income;
- ii) The Institute purchased publications of £129,295 (2018: £126,607) from ITEXT Limited.
- iii) The balance outstanding at 31 August 2019 was nil.

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

22 Operating results of subsidiary undertakings

Institute for the Management of Information Systems

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

A summary of its trading results is shown below:

	2019	2018
	£000	£000
Statement of financial activities		
Incoming resources	2	13
Resources expended	(5)	(21)
Interest receivable		
Net movement of funds	(3)	(8)

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	374	378
Creditors amounts falling due within one year	(4)	(5)
Total net assets	370	373
Reserves	370	373

BCS, The Chartered Institute for IT

NOTES (continued)

BCS Learning & Development Limited

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

	2019	2018
	£000	£000
Summary profit and loss account		
Turnover	12,448	11,462
Cost of sales and administrative expenses	(11,875)	(13,582)
Interest paid	(55)	(25)
	<hr/>	<hr/>
Net (loss)/profit before tax	518	(2,145)
Tax on (loss)/profit	(98)	453
	<hr/>	<hr/>
Net (loss)/profit after tax	420	(1,692)
	<hr/>	<hr/>

The amount of gift aid to the Institute in 2018/19 was £nil (2017/18 £nil).

The assets and liabilities of the subsidiary were:

Fixed Assets	86	298
Current assets	2,198	2,393
Creditors: amounts falling due within one year	(2,381)	(3,207)
Provisions for liabilities	-	-
	<hr/>	<hr/>
Total net (liabilities)/assets	(97)	(516)
	<hr/>	<hr/>
Aggregate share capital and reserves	(97)	(516)
	<hr/>	<hr/>

23 Financial activities of the charity

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

	2019	2018
	£000	£000
Gross incoming resources	8,466	8,405
Total unrestricted expenditure on charitable activities	(7,901)	(8,249)
Restricted fund expenditure	(1,287)	(1,738)
Investment income	54	18
	<hr/>	<hr/>
Net incoming resources	(668)	(1,564)
Total funds brought forward	10,899	12,463
	<hr/>	<hr/>
Total funds carried forward	10,231	10,899
	<hr/>	<hr/>
Represented by:		
General fund	9,791	9,824
Restricted fund	440	1,075
	<hr/>	<hr/>
	10,231	10,899
	<hr/>	<hr/>