

BRITISH EDUCATIONAL COMMUNICATIONS  
AND TECHNOLOGY AGENCY

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2007

Registered Company No. 2090588  
Registered Charity No. 297241

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**Company details**

**Name:** The British Educational and Communications Technology Association (Becta)

**Charity registration no:** 297241

**Company registration no:** 02090588

**Address and registered office:** Becta  
Millburn Hill Road  
Science Park  
COVENTRY CV4 7JJ

**Trustees and Board:** Andrew Pinder CBE (Chairman)  
Anthony Lilley  
Derek Wise  
Graham Badman  
Graham Moore OBE  
John Roberts CBE  
Rosemary Luckin  
Stephen Gill

**DfES Assessor:** Ralph Tabberer

**Chief Executive:** Stephen Crowne

**Company Secretary:** Peter Avis

**Auditors:** **External Auditors**  
Baker Tilly UK Audit LLP  
City Plaza  
Temple Row  
Birmingham  
B2 5AF

**Internal Auditors**  
Bentley Jennison  
Cedar House  
Breckland  
Renford Wood  
Milton Keynes  
MK14 6EX

The Board presents its report and the audited accounts for the year ended 31 March 2007.

### **Legal and administrative information**

The BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY (“Becta”) is a non-departmental public body. Becta is a company limited by guarantee with charitable status, governed by its Memorandum and Articles of Association and Financial Memorandum with the Department for Education and Skills (DfES).

### **Principal activities**

The objects of the company are “to promote the effective application of established and proven technologies. To monitor new technologies and systems as they evolve and evaluate them for their potential for enhancing both the process of learning and its management”.

In furthering these objectives we comply with current statutory requirements, with the requirements of Becta’s governing documents, and the financial memorandum, and with any administrative requirements for the use of public funds. There have been no material changes in policies since the last report.

Becta is funded basically from grants received from the Education Departments of England, Wales, Scotland and Northern Ireland. Further funds are derived from specific contracts with a range of other bodies.

Becta’s Senior Management Team in 2006/2007 were:-

Stephen Crowne	- Chief Executive
Ian Adams	- Executive Director of Partnerships, Commissioning, Marketing and Communications
Alan Cowie	- Executive Director of Business Delivery and Organisational Development
Neil McLean	- Executive Director for Institutional Development
Stephen Lucey	- Executive Director for Infrastructure
Tony Richardson	- Executive Director of e-strategy Co-ordination
Peter Avis	- Director for Board and Corporate Affairs
David Hassell	- Director of Educational Content
Patricia Hunt	- Director for Corporate Resources
Nicola Newman	- Director for Communications
Vanessa Pittard	- Director of Evidence and Evaluation
Christine Vincent	- Director for Learning and Teaching

**Board members**

Board members are appointed by the Secretary of State for Education Services usually for a term of three years.

Members of the Board who are the trustees at the charity during the year ended 31 March 2007 were:

**Chairman**

Andrew Pinder

**Board**

Andrew Pinder

John Gray (resigned 31 December 2006)

John Roberts

Ben Andradi (resigned 31 December 2006)

Stephen Gill

Anthony Lilley

Graham Badman

Derek Wise (appointed 5 March 2007)

Graham Moore (appointed 5 March 2007)

Rosemary Luckin (appointed 5 March 2007)

## **Structure, governance and management**

**Status:** The British Educational and Communications Technology Association (Becta) is a non-departmental public body, a company limited by guarantee, and a registered charity. It is governed by its Articles of Association and its Management and Financial Memorandum with the Department for Education and Skills (DfES).

**The history of Becta:** Becta is the Government's lead agency for ICT in education. It was formed in 1998 through the reconstruction of the National Council for Educational Technology (NCET). Initially it played a vital role in major technology projects for schools and colleges such as the National Grid for Learning and the National Learning Network. Following a Quinquennial Review in 2001 and the development of Harnessing Technology, the Government's e-strategy for education, it has taken a much more significant role in policy and strategy development. In 2006 the DfES formally gave Becta the lead role in the development and delivery of its Harnessing Technology strategy. Becta also has a new role in influencing and supporting wider educational policy with an understanding of the benefits and risks of technology.

Becta's new remit is published on its website at:

<http://foi.becta.org.uk/display.cfm?page=1676>

**Recruitment of trustees:** Becta's Board of trustees are appointed by the Secretary of State for Education. Trustees are normally appointed for a period of three years, which may be renewed. Trustees are accountable to the Secretary of State for Becta's work.

**Board organisation:** Currently the Board consists of eight trustees together with an assessor nominated by the DfES. The Chief Executive is an ex-officio member and the Executive Committee (senior leadership) of Becta attend Board meetings. The Board meets regularly: a minimum of four times a year but in practice more often. The Board met eight times during financial year 2006-7.

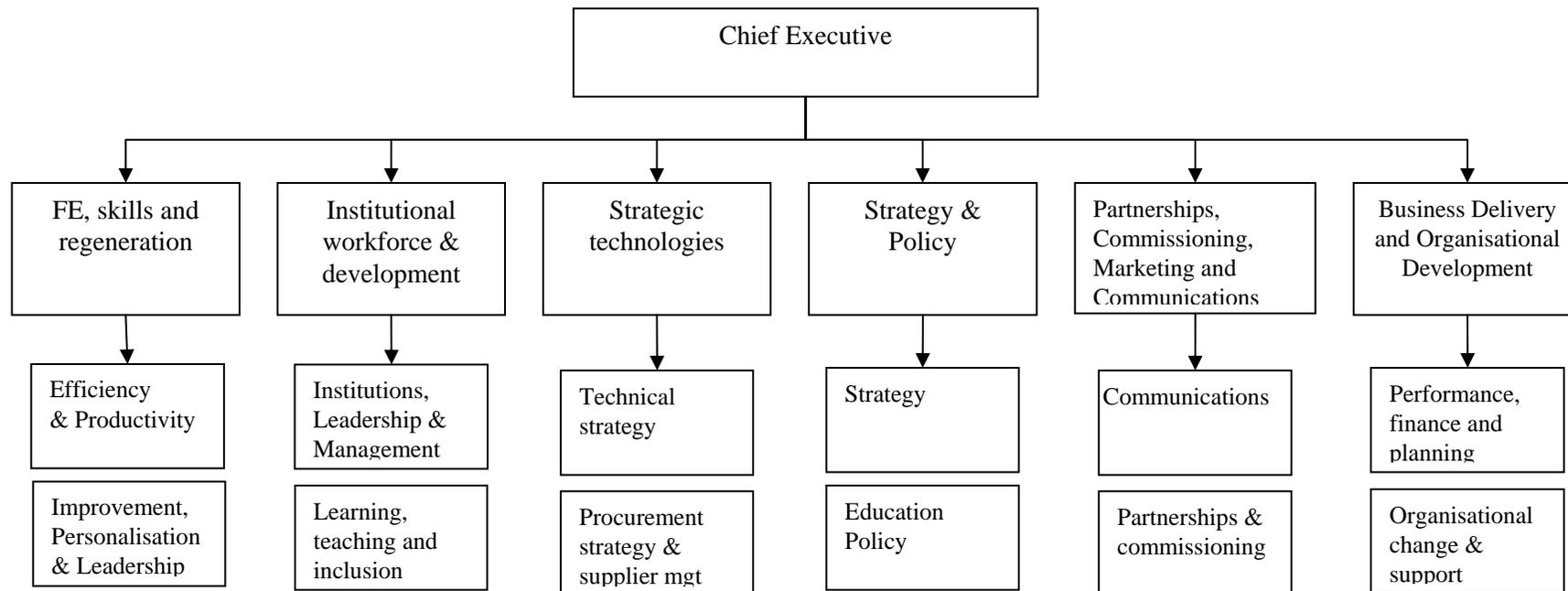
Board members are provided with an induction to Becta via an induction pack covering training materials on the responsibilities of trustees of public bodies, a code of conduct, and an introduction to the work of Becta, plus a personal introduction from the Chief Executive.

**Structure of Becta:** During 2006-7 Becta began a process of restructuring. Although restructuring has not been completed at all tiers of the organisation, the senior management tier is structured as shown on the following page; some posts are currently vacant.

**Risks:** The major risks to Becta are reviewed regularly through the Chief Executive's report to the Board, through its Audit Committee and at the Weekly meetings of the Executive committee. Systems and procedures have been established to manage those risks and these are reported in the Chief Executive's report. Key risks for 2006-7 included:

- Becta not being able to convince partners and users to adopt its strategy and approach;
- Becta's pension deficit adversely affecting its financial position;
- Business Continuity and Disaster Recovery
- Ensuring safety and protect children.

*Becta's organisational and leadership structure March 2007*



## Objectives and activities

### Decision-making and accountability

The strategic direction for Becta is set by a remit letter from the Secretary of State. This describes the overall purpose and function of Becta, and its contribution to the education system in the UK. The remit is supported by an annual priorities letter setting out particular areas of focus for the current financial year.

The Becta Executive develops a strategic plan of activity, designed to realise the objectives of the remit and priorities letter. This is contained in the annual corporate plan.

The Board of Trustees ensures that the corporate plan meets the requirements set out in the remit and priorities letter. Once their approval is obtained, an operational 'business plan' is developed which translates the corporate plan into a structured programme of work.

Performance targets are proposed by the Executive and approved by the Board at the start of the year. Performance against targets is reported to the Board at least quarterly (in practice more frequently) to ensure that Becta is on track, and to allow corrective action to be taken if there are issues with performance.

The Chief Executive is accountable to the Board for Becta's delivery against its remit and annual priorities.

### Becta's objectives for 2006-7

DfES gave responsibility for the e-strategy to Becta in July 2006. Our work was therefore underpinned by a commitment to lead the delivery and development of the strategy.

**Objective 1 e-strategy co-ordination:** To work with the DfES to lead the delivery and development of the e-strategy on behalf of government

Becta's first objective was to lead the delivery of the e-strategy:

The main delivery focus for the e-strategy was to establish and develop a coherent national digital infrastructure and resource base that enable individual educational organisations to continuously improve their use of technology to benefit learners. Our two main delivery objectives were therefore:

**Objective 2 strategic technologies:** To develop a national digital infrastructure and resources strategy leading to greater national coherence, improved reliability and affordability that is sustainable in the longer term.

**Objective 3 e-maturity:** To increase the number of educational organisations making strategic and effective use of ICT in order to improve educational outcomes.

The e-strategy will continue to evolve and change as technology changes and as we learn more. Becta will provide good quality evidence and clear strategic advice to support this process.

**Objective 4 evidence and research:** To inform and influence educational decisions by developing and disseminating high quality evidence of the progress and impact of technology in education, technology innovation and effective practice.

**Objective 5 strategic advice:** To influence strategic direction and development of national education policy to best take advantage of technology.

Underpinning all of these objectives, Becta will ensure that it is fit for purpose by developing its communications strategy and building its own capacity and capability.

**Objective 6 communications:** To drive engagement with Becta's four strategic roles, standards, and guidance to support systemic change through ICT that transforms learning and teaching for all.

### **Objectives and activities (continued)**

**Objective 7      Developing Becta:** To increase the capability and refine the capacity of the organisation to most effectively deliver its strategic objectives

#### **Activity focus during 2006-7**

The objectives detailed above were very similar to those adopted during the previous financial year (2005-6), however during 2006-7 activities were more clearly focused on delivering the Government's e-strategy.

The e-strategy seeks to achieve four key outcomes:

- individuals empowered and motivated to personalise learning
- practitioners continually raising the bar in their use of technology by learning from the best
- technology driving system performance through efficient, effective use of resources
- a mature, mutually rewarding relationship with the market

These outcomes were delivered via a range of focused activities:

Achieving e-strategy outcomes required co-ordination of partners and end-users, who must adopt these targets within their own work plans. Becta developed the e-strategy delivery plan, providing leadership for institutions and partners in achieving the e-strategy goals.

The DfES presented the e-strategy via four themes; strategic technologies, e-maturity, knowledge architecture, and personalised content. For the first two themes; strategic technologies and e-maturity, Becta developed focused delivery programmes.

The DfES objectives for knowledge architecture and personalised content were less well developed into fully worked out delivery programmes and Becta supported an improved focus on delivery by providing robust, well founded strategic advice to enable this to happen.

Our work was based on research evidence. Well articulated, well disseminated research in itself helps to change and move the system forward, particularly for an education system where institutional freedom is strong and change requires convincing many thousands of individuals.

To support all of this activity we improved Becta's ability to communicate strategically.

A final programme of work ensured Becta's capacity and resources were fit for purpose during the year.

To help focus our activity in these programmes we set key performance targets against which we reported to the Board at least every three months.

Full detail of Becta performance against these targets is provided in the following section

### **Becta's performance report**

Key performance targets were reported as follows:

- **Institutional development through self-review:** Our target was that by March 2007 11,350 institutions (50% of schools and colleges) would be using Becta's self-review tools and progressing through Becta's self-review framework. 7,776 schools had signed up to Becta's self-review framework by the end of March 2007. This represents 34% of all schools in England.

### Objectives and activities (continued)

- **Technology standards and frameworks:** Our target was that by December 2006, functional and technical standards would be issued and framework agreements would be available for learning services, connectivity services, data services and infrastructure services. Standards and agreements for learning services were put in place, while the other areas were taken forward via the 'proof of concept' and other related and partner-led activities. A cross-sector approach has been taken to the provision of connectivity services rather than Becta running a separate framework agreement.
- **Local authorities engaging with Becta:** Our target was that by March 2007 we would have identified and be working with delivery partners and procurement agents in London. By March all Boroughs were aware of the issue, and most were actively engaged in the process.
- **National architecture:** Our target was that by March 2007, 60% of schools would be making progress towards conformance to the national architecture. Measurement of progress towards this target proved problematic, and we are looking for improved metrics.
- **Test readiness:** Our target was that by March 2007, 100% of secondary schools would achieve the level of technical readiness to take KS3 online test. By March 2007 this was reported at 2,971 secondary schools, or 84% of the total. The slight fall-back from 100% reflects a change in government priorities: online tests are no longer a statutory requirement.
- **Savings across the system:** Our target was that by March 2007, Becta would achieve recyclable efficiency savings of £25 million through our best value purchase arrangements. The amount saved during the financial year 2006-7 was £22m. The total saving in the two years since March 2005 has been £50.5m.
- **Use of best-value agreements:** Our target was that by March 2007 35% of school technology expenditure would be made via Becta best-value agreements. Over the year expenditure by best-value agreements was £79m (£141m including additional OGC contracts). This constitutes 14% of all expenditure on ICT infrastructure and software by schools (25% if all OGC contracts are included).
- **Organisational efficiency savings:** Since 2003 we have saved more than £888K through efficiency savings; our cumulative target for this four-year period is £853K, so we are continuing to achieve savings in line with long term goals and we are on course to achieve the total target of £1.2 million efficiency savings as measured from April 2003 to March 2008
- **E-learning efficiency targets:** Data from Becta's teacher survey on adoption of ICT to support learning, teaching and assessment, and management and administration has been used to report progress towards DfES Gershon targets (for March 2007).
- **Stakeholder ratings:** Research findings from this year's Education Show indicated a 4 point increase in awareness of Becta amongst delegates. Awareness of Becta was 80% for leaders and 69% for practitioners.
- **Human resources:** Our target was that Becta would have appropriate capacity and capability to undertake its new remit. By the end of the year 87% of substantive posts were filled by full time members of staff.
- **E-strategy partner commitment:** Our target was for all members of the national delivery group to be committed to, and implementing, the e-strategy with Becta leading an effective national delivery partnership. We have full engagement with all members of the National Delivery Group, who have responded very positively to the Harnessing Technology conferences and the ongoing engagement with the front-line.

### **Objectives and activities (continued)**

- **Delivery plan:** Our target was that by November 2006 there would be a coherent system wide e-strategy delivery and communications plan in place and agreed by the national delivery group. The e-strategy delivery plan was signed off by the Board (September 2006) and has been printed and issued. The communications plan milestone has now been overtaken by current business planning processes.
- **Post-16 partnerships:** Our target was that by March 2007, Becta would developed a clear and more strategic working relationship with the DfES, Learning and Skills Council, Centre for Excellence in Leadership (CEL) and Quality Improvement Agency (QIA) in the post-16 sector which embeds their priorities into the e-strategy and has delivered agreed work in this sector to plan. A Memorandum of understanding has been agreed with the QIA. The ICT Champions Board at the DfES includes a commitment to post-16 implementation.
- **CSR and policy support:** Our target was that by March 2007 Becta has made a timely and credible contribution of evidence to support the comprehensive spending review and improve the understanding of policy makers and practitioners. The CSR process is now complete and the technology bid has been deemed successful, with an additional £22m of Revenue funding to support CPD negotiated over the initial allocation. The evidential and analytical support provided to the DfES by Becta has been received very positively.
- **Becta finance:** Becta's aim for the year 2006-07 was to maintain actual expenditure within 2% of our projected budgeted spend. Becta's final expenditure is within 1% of our initial budget projection for the year.

### **Finance summary**

The principle funding for Becta is from the Department of Education and Skills (DfES) with additional funding being received from other UK Non-departmental Public Bodies in the education sector.

Expenditure has remained at a fairly similar level to last year; however, the split between support services and educational projects has seen more expenditure being focused on achieving Becta's objectives and less on supporting the organisation. During the year an additional payment of £286,056 was paid to LPFA in respect of past service costs, this payment plus a 4.4% increase will continue until 2008 when a revaluation of the scheme is due. The overall deficit in this pension fund decreased from £5,052,000 to £3,933,000, the movements of which are shown in note 13 in the financial statements.

### **Corporate governance**

Although there have been major changes to organisational structures and management procedures, good corporate governance and internal controls have been maintained.

### **Environmental policy**

During 2006-07 Becta continued to implement environmental policy by increasing the use of sustainable resources. Measures included:

- Buying consumables from sustainable sources, like paper towels etc.
- Sharing our environmental policy with our staff.
- Using paper made from 52% recycled material.
- Using environmentally friendly cleaning materials.
- Promoting a policy of reduce, reuse and recycle.
- Reducing our energy consumption by 20% by adjusting the way our heating controls work.
- Looking at the way we travel by encouraging car share and use of push bikes through the expense claim policy.

### **Health and safety management**

Becta takes health and safety management seriously. There is a Health & Safety Committee in place headed by a Director and appropriate policies have been developed and implemented. The management of health and safety is starting to be an integral part of risk management in the organisation and such risks are assessed and

**Health and safety management (continued)**

mitigation measures implemented to reduce the identified risks. Risk assessments are designed to form part of a "Safety Management System" and are carried out either at regular intervals or when a specific task is required to be undertaken. Ongoing health and safety training is maintained throughout the year for all levels of staff from Director Level down, to increase awareness, teach safe working practices and mitigate risks.

**Consultation with employees**

Becta consults with staff and the PCS union. There is a Recognition Agreement in place setting out principles, scope and consultation processes.

There is a regular dialogue between the organisation and the Union and this falls under three categories:

- Strategic: changes that could affect all Becta staff, for example, remuneration and benefits.
- Operational: changes that are likely to affect staff in only one department, for example, departmental workload and structure changes
- Individual: issues that affect specific individuals, for example, particular welfare issues and disciplinary and grievance hearings.

The policies, procedures and notices are posted on the intranet for all staff to read and be informed of changes and implications. Also staff briefings and workshops are held as appropriate to explain the changes.

**Equal opportunities and diversity**

Becta is committed to equality of opportunity and diversity in all its activities and has appropriate equality and diversity policies in place.

It is the policy of Becta that nobody should be unfairly discriminated against directly or indirectly because of their ethnicity, national origin or nationality, gender, sexual orientation, marital status, religious beliefs, political affiliation, age, social class, disability, trades union membership or employment status.

For example, Becta seeks to ensure that no job applicant or employee receives less favourable treatment, directly or indirectly, on the grounds of disability and therefore reasonable adjustments have been carried out in relation to premises like motorised doors to assist people with impaired mobility.

**Payment of creditors**

The Late Payment of Commercial Debts (Interest) Act, which came into force on 1 November 1998, requires government bodies, in the absence of agreement to the contrary, to make payment to suppliers within 30 days of either the provision of goods or services or the date on which the invoice is received. The DTI also introduced new regulations effective from 7 August 2002 giving suppliers the right to claim compensation (fixed sums and interest) for late payments.

The agency supports HM Treasury's Better Payment Practice Code. During the year ending 31 March 2007, 92.5 per cent of invoices were paid within the 30-day period. To date no claims for interest under the Act or claims for compensation have been received.

**Investment policy**

The trustees' aim in investing the company's funds is to maximise the return on bank and treasury deposits pending their application for charitable purposes. The trustees adopt a risk adverse position with regard to investment.

**Reserves policy**

The charity's reserves policy is based on a realistic assessment of its need for reserves and has been formally agreed with the trustees.

Reserve levels are reviewed annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments, the nature of the reserves and the specific accounting rules with which Becta must comply. The free reserves, (that is those funds not tied up in fixed assets, designated and restricted funds) at year end was £226,761.

**Reserves policy (continued)**

Becta's working capital for its core activities is restricted to a maximum of 2% of its annual grant in aid entitlement, i.e. £222,000. Priority projects funded by the department do not include a working capital balance and funds cannot be drawn down in advance of need.

Funding for other projects includes a working capital balance.

The charity has a number of other designated and restricted funds, which are represented by fixed and current assets. The purpose of these funds is detailed in notes 9 and 10 in the financial statements.

**Restricted fund deficit**

The balance sheet at 31 March 2007 shows a restricted fund deficit of £1,989,244 (2006: £3,147,308). This reflects the inclusion of defined benefit pension scheme liabilities falling due in future years. Becta's sponsoring department, the Department for Education and Skills agree to meet this through future grants or grants-in-aid where it is not met from Becta's other sources of income.

Grant-in-aid for 2007-08, taking into account the amounts required to meet the Becta's liabilities falling due in that year, has already been included in the department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

**Risk management**

The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

**Plans for future periods**

A new remit was received from the Secretary of State in February 2007, setting out a revised strategic direction for Becta. An annual priorities letter to supplement this remit was received in March 2007. The Becta Executive have used this new remit and statement of priorities to develop the Operational Plan for 2007-8.

DfES gave responsibility for the e-strategy to Becta in July 2006. Since then we have worked with the DfES, key partner agencies and a wide cross section of the education community to agree a comprehensive e-strategy delivery plan published in December 2006 with a four year roll out. It outlines five elements:

- The definition of a set of high-level outcomes set out in a balanced scorecard
- A strategic model for delivery, setting out the relationship between the technology “supply” side and the demand-side
- A set of intermediate aims that link to the scorecard high level outcomes;
- The early establishment of partnership arrangements.
- The start of a national and regional communications and engagement campaign

Becta's ambition for the system is set out in the e-strategy delivery plan. Our target is for 80% of educational institutions to meet the criteria set out in the e-strategy scorecard by 2011, from a current estimated base of 20%.

**Plans for future periods (continued)**

To achieve this we will need to work with partners and users to ensure that the educational system has the right technology, connectivity, content and underpinning data systems in place throughout the system. Wherever and whenever learning takes place it is carried out in a stable, well managed state which has been procured through value for money national framework agreements. The whole of the educational workforce has the capability and capacity to make best use of the technology in teaching, learning and management. We ensure that all learners are able to have access to use and apply technology appropriately. This will enable the learners to extend, enhance and enrich the quality of learning, which opens up the opportunity to help them reach their full potential.

The e-strategy delivery plan sets out how 24 intermediary aims work together to deliver the outcomes in the balanced scorecard above. These intermediary aims can only be achieved through the collective action and partnership of the many organisations such as schools and colleges who provide learners with teaching and support, and the many other bodies and agencies who support locally and nationally.

As well as carrying out its own delivery actions Becta will provide leadership for the wider educational community and co-ordination to key partners to deliver these aims.

For 2007/8 we will aim to achieve a set of measurable steps on the way to the balanced scorecard outcomes above. The rest of this plan sets out the rationale for these and how we reached them through a process of prioritisation.

In summary by March 2008 Becta will have:

**Put the school system on the way towards universal access by:**

- improving learner's use of digital resources by ensuring 90% of the learners in secondary schools and 50% of learners in primary schools have access to and are making use of an online learning space
- reducing by a third the number of school pupils without access from home and developing a strategy to achieve home access for all by 2010

**Made ours the safest online environment for children and learners in the world by:**

- 100% of Local Safeguarding Children's Boards have a plan in place covering e-safety, 60% of school e-safety policies include both educational and technical measures and 60% of schools have an up to date Acceptable Use Policy

**Ensured that nearly all schools have improved their use of technology by:**

- increasing by 50% the number of practitioners making assessment and attendance information available to parents through technology at least once a term in both primary and secondary schools
- improving the quality of institutional ICT capability by engaging 80% of schools in using Becta's self-review framework with half of them progressing through it
- increasing the quality of teaching and improving efficiency by increasing the percentage of teachers who use digital resources created by others in their lesson planning and their teaching from 39% to 50%
- improving the capacity and quality of support services available to schools by developing a challenging framework of standards with half of support providers meeting these standards

**Plans for future periods (continued)**

**Doubled the number of teachers using technology to support personalisation:**

- by increasing the number of teachers who can exploit technology to support the personalisation of learning in more than half of lessons from: primary 19% to 38%, secondary: 12% to 24%

**Saved the education system £100M over three years by:**

- meeting our three year target of £100m cashable savings for schools over the three year period to March 2008
- Improving the coherence and functionality of technology provision, ensuring 100% of all future building investment programmes follow Becta's best practice guidance, adopting and implementing functional and technical specifications

**Secured better technology-informed policy by:**

- being fully involved in the development of the Department's refreshed Five Year Strategy to be published in the autumn
- securing buy-in from our key partner agencies through references in their remit letters and improved monitoring of delivery
- continuing and improving our engagement with the Department at all levels

**Remuneration report (unaudited section of the Remuneration report)**

The Financial Regulations issued by the Treasury requires that an Annual report and Accounts now include a Remuneration report containing certain specified information. This report is included below.

Becta did not have a Remuneration Committee during the year ended 31 March 2007 and is in the process of establishing one for 2007-8.

The Chief Executive's remuneration is reviewed annually, and subject to full satisfactory performance, amended in the light of the Secretary of States decision on the recommendations of the Senior Salaries Review Body. The Chief Executive has a contract of employment which commenced on 12th June 2006 in which details of his 6 months notice period are outlined.

Executive Directors and Directors remuneration is paid in accordance with the annual pay remit and agreed with the CEO (Remuneration Committee from 1st August 2007).

Executive Directors and Directors receive performance pay in accordance with their bonus scheme arrangements, which are agreed as part of the annual pay remit. Executive Directors and Directors have a principal statement that outlines details of their notice period. They are members of either the Teachers Pension Scheme, or the Local Government Scheme, which provides details of the terms relating to severance for loss of office. There are no special arrangements for Executive Directors and Directors to receive termination awards.

All Executive Directors and Directors commenced with Becta on or after 1 December 2006 and have 6 months notice period.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

TRUSTEES' ANNUAL REPORT (continued)

31 March 2007

**Audited section of the Remuneration report**

**Chief Executive and higher paid employees**

The remuneration of the Chief Executive, who is not a member of the Board, was:

	2007	2006
	£	£
Salary	107,810	132,987
Employers pension contributions	11,232	14,256
	<hr/>	<hr/>
Total	119,042	147,243
	<hr/> <hr/>	<hr/> <hr/>

The Chief Executive is an ordinary member of the LPFA Pension Scheme (2006: Teachers Pension Scheme).

**Emoluments of senior employees**

		Age at 31 March 2007	Salary including benefits in bands 2007 £'000	Benefits-in-kind 2007 to nearest £'000	Salary including benefits in bands 2006 £'000
Ian Adams	(from Feb 07)	40	15-20	1	-
Peter Avis		57	65-70	1	65-70
Alan Cowie	(from Feb 07)	48	15-20	-	-
Stephen Crowne	(from June 06)	49	105-110	-	-
David Hassell		51	65-70	-	60-65
Patricia Hunt		62	65-70	-	60-65
Stephen Lucey		48	85-90	-	80-85
Neil McLean		51	85-90	-	80-85
Nicola Newman	(to Dec 06)	47	40-45	-	60-65
Vanessa Pittard		43	65-70	-	60-65
Tony Richardson		54	100-105	-	15-20
Christine Vincent	(to Dec 06)	47	55-60	-	75-80

**Pension benefits**

	Real increase in pension £'000	CETV at 31 March 2007 £'000	CETV at 31 March 2006 £'000	Real increase in CETV after adjustment for inflation in market investment factors £'000
Ian Adams (from Feb 07)				
Peter Avis	0-2.5	417	385	20
Alan Cowie (from Feb 07)				
Stephen Crowne	0-2.5	16	-	16
David Hassell	0-2.5	352	329	13
Patricia Hunt	0-2.5	258	231	20
Stephen Lucey	0-2.5	481	406	63
Neil McLean	0-2.5	203	154	44
Nicola Newman	0-2.5	83	37	44
Vanessa Pittard	0-2.5	18	8	10
Tony Richardson	0-2.5	21	2	19
Christine Vincent	0-2.5	226	186	34

**Audited section of the Remuneration report (continued)**

**Pension benefits (continued)**

	2007		2006	
	Total accrued pension at retirement £'000	Lump sum at retirement £'000	Total accrued pension at retirement £'000	Lump sum at retirement £'000
Ian Adams (from Feb 07)	Information not available			
Peter Avis	Information not available			
Alan Cowie (from Feb 07)	Information not available			
Stephen Crowne (from June '06)	15-20	50-55	NA	NA
David Hassell	30-35	90-95	25-30	85-90
Patricia Hunt	15-20	45-50	10-15	40-45
Stephen Lucey	45-50	140-145	40-45	125-130
Neil McLean	20-25	70-75	15-20	60-65
Nicola Newman (to Dec '06)	5-10	15-20	10-15	35-40
Vanessa Pittard	Information not available			
Tony Richardson	5-10	25-30	5-10	20-25
Christine Vincent	Information not available			

**Statement as to disclosure of information to auditors**

The trustees who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditors**

The trustees, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board

Andrew Pinder  
Chairman

Millburn Hill Road  
Science Park  
Coventry  
CV4 7JJ

18 July 2007

The trustees (who are also directors of British Educational Communications and Technology Agency for the purposes of company law) are responsible for preparing the Annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the Board and the accounting officer are required to:

- a. select suitable accounting policies and apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board and the accounting officer are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition they are responsible for complying with the Financial Memorandum: Conditions Attaching To Grant Issued By The Secretaries of State.

### **1. Scope of responsibility**

As Accounting Officer and Trustees we have joint responsibility for maintaining a sound system of internal control that supports the achievement of British Educational Communications and Technology Agency's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in Government Accounting.

### **2. The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at British Educational Communications and Technology Agency for the year ended 31 March 2007 and up to the date of approval of the annual report and financial statements, and accords with Treasury guidance.

### **3. Capacity to handle risk**

The Board has a fundamental role to play in the management of risk, which includes setting the tone and influencing the culture of risk management within the organisation. Each year the Board reviews the organisation's approach to risk management and approves changes and improvements to key elements of its policy, processes and procedures.

The responsibility for implementing British Educational Communications and Technology Agency's risk management strategy is delegated to the Chief Executive, however, the responsibility for identifying and managing risk rests with all staff and the Executives.

### **4. The risk and control framework**

The Audit committee monitors the adequacy and effectiveness of the risk management framework. Its role includes setting and monitoring risk management key performance indicators (KPIs). These KPIs reflect the risk management framework in principle, and its operation in practice.

The Board regularly receives a summary of the KPI's including the most significant risk exposures facing the Organisation.

In carrying out this role, the Audit committee seeks to ensure that risk management activity is integral to the overall performance and management of British Educational Communications and Technology Agency, and that the consideration of risk is embedded as a key management activity. During the year the Audit committee has given particular attention to the risks associated with Business continuity and IT Disaster Recovery.

### **5. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

**STATEMENT ON THE SYSTEM OF INTERNAL CONTROL**

31 March 2007

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The organisation has established the following internal control processes:

- The Board of Trustees meets at least quarterly to consider the plans and the strategic direction of the organisation;
- Audit committee, which meets at least three times a year and reports to the management Board on the effectiveness of the organisations' internal controls and on the most significant exposures facing the organisation;
- The programme office and the Board and corporate affairs directorate are responsible for raising awareness, appropriate training, updating organisational profile and submitting quarterly reports to the senior management team and management Board. The audit committee oversee the effectiveness of the risk management strategy on behalf of the management Board;
- Regular reports by internal audit, to standards defined in the Government Internal Audit Standards, which include the Internal Auditors' independent opinion on the adequacy and effectiveness of the organisation's system of internal control together with recommendations for improvement, reviewed by the audit committee.

British Educational Communications and Technology Agency employs an independent firm of internal auditors, who operate to standards defined in the Government Internal Audit Standards. The work of the internal auditors is informed by an analysis of the risk and the internal audit plans are endorsed by the company's audit committee and approved by me. At least annually, the firm of internal auditors provides me with a report on the internal audit activity in the company.

..... S Crowne - Accounting Officer

..... A Pinder - Chairman

18 July 2007

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**  
**REPORT OF THE AUDITORS**

Independent auditors' report to the members of British Educational Communications and Technology Agency

We have audited the financial statements which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statements and the related notes.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees, the Accounting Officer and auditors**

The trustees (who are also the directors of British Educational Communications and Technology Agency for the purposes of company law) are responsible for preparing the Annual report, the Remuneration report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of the Board and the Accounting Officer.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of The Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and HM Treasury directions. We also report whether, in all material respects the income and expenditure have been applied to the purposes intended by Parliament and financial transactions conform to the authorities which govern them. We also report to you, if in our opinion, the Trustees' Report is not consistent with the financial statements, if you have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law and relevant authorities regarding trustees' remuneration and other transactions is not disclosed.

We review whether the statement on pages 34 and 35 reflects the charitable company's compliance with HM Treasury's guidance on the Statement on Internal Control and we report if it does not. We are not required to consider whether the Accounting Officer's Statement on Internal Control covers all risks and controls or to form an opinion on the effectiveness of the charitable company's corporate governance procedures or its risk and control procedures.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error and that, in all material respects, the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration report to be audited.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**  
**REPORT OF THE AUDITORS**

Independent auditors' report to the members of British Educational Communications and Technology Agency

We read other information in the Annual report and consider whether it is consistent with the audited financial statements. This other information comprises the Annual report and the unaudited part of the Remuneration report. We consider the implications for our report if we become aware of an apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Opinion**

In our opinion

- the financial statements and the part of the Remuneration report to be audited give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and HM Treasury directions.
- the information given in the Trustees' Report and the unaudited part of the Remuneration report is consistent with the financial statements.
- in all material respects the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Baker Tilly UK Audit LLP  
Registered Auditor  
Chartered Accountants  
City Plaza  
Temple Row  
Birmingham  
B2 5AF

15 August 2007

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended 31 March 2007

		Unrestricted funds	Restricted funds	Total 2007	Total 2006
	Note	£	£	£	£
<b>Income and Expenditure</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
- DfES Grant in aid		-	11,100,000	11,100,000	11,600,000
- DfES and other government grants		-	19,174,538	19,174,538	18,783,604
Investment income	4	62,737	-	62,737	79,296
<b>Incoming resources from charitable activities</b>		196,967	3,083,062	3,280,029	5,470,600
<b>Total incoming resources</b>		259,704	33,357,600	33,617,304	35,933,500
<b>Resources expended</b>					
<b>Charitable activities:</b>					
Educational projects	2	254,210	33,295,010	33,549,220	36,213,999
Governance costs	2	-	113,526	113,526	109,326
<b>Total resources expended</b>	2	254,210	33,408,536	33,662,746	36,323,325
Pension finance costs	13	-	26,000	26,000	85,000
Notional cost of capital		-	(59,131)	(59,131)	(60,894)
<b>Total resources expended including pension finance and notional costs</b>		254,210	33,375,405	33,629,615	36,347,431
<b>Net outgoing resources for the year including notional costs before other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension scheme	13	5,494	(17,805)	(12,311)	(413,931)
Reversal of notional cost of capital		-	(59,131)	(59,131)	(60,894)
<b>Net movement in funds</b>		5,494	1,158,064	1,163,558	(1,062,825)
<b>Fund balances brought forward</b>		876,062	(3,147,308)	(2,271,246)	(1,208,421)
<b>Fund balances carried forward at 31 March 2007</b>		881,556	(1,989,244)	(1,107,688)	(2,271,246)

The statement of financial activities includes all gains and losses in the year.  
All activities derive from continuing operations.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**  
**BALANCE SHEET**  
at 31 March 2007

	Note	£	2007 £	2006 £	£
<b>Fixed assets</b>					
Tangible assets	5		828,478		906,492
<b>Current assets</b>					
Debtors	6	2,223,800		3,786,422	
Cash at bank and in hand		3,819,449		3,381,080	
		6,043,249		7,167,502	
<b>Creditors:</b> amounts falling due within one year	7	(4,046,415)		(5,293,240)	
<b>Net current assets</b>			1,996,834		1,874,262
<b>Net assets excluding pension scheme liability</b>			2,825,312		2,780,754
<b>Defined benefit pension scheme liability</b>	13		(3,933,000)		(5,052,000)
<b>Net liabilities including pension scheme liability</b>			(1,107,688)		(2,271,246)
<b>Funds:</b>					
Restricted funds:					
- excluding pension	9		1,943,756		1,904,692
- defined benefit pension	9		(3,933,000)		(5,052,000)
			(1,989,244)		(3,147,308)
Unrestricted funds:					
- Designated funds	10		654,795		613,920
- Other charitable funds			226,761		262,142
			(1,107,688)		(2,271,246)

The financial statements on pages 21 to 41 were approved by the Board and authorised for issue on 18 July 2007 and signed on its behalf by

Andrew Pinder - Chairman .....

The financial statements were also approved by

Stephen Crowne - Chief Executive .....

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2007

	Note	2007 £	2006 £
<b>Net cash inflow from operating activities</b>	(i)	689,975	78,986
<b>Returns on investment and servicing of finance</b>			
Interest received		62,737	79,296
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(314,343)	(535,006)
<b>Increase/(decrease) in cash</b>	(ii)	438,369	(376,724)

**Notes to cash flow statement**

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

Changes in resources (per SOFA)	1,163,558	(1,062,825)
Interest received	(62,737)	(79,296)
Depreciation	385,175	473,149
Loss on disposal of fixed assets	7,182	333
Decrease/(increase) in debtors	1,562,622	(1,911,420)
(Decrease)/increase in creditors	(1,246,825)	2,116,045
(Decrease)/increase in defined benefit pension scheme deficit	(1,119,000)	543,000
	-----	-----
Net cash inflow from operating activities	689,975	78,986
	=====	=====

**(ii) Reconciliation of net cash flow to movement in net funds**

Increase/(decrease) in cash in the year	438,369	(376,724)
Net funds at 1 April 2006	3,381,080	3,757,804
	-----	-----
Net funds at 31 March 2007, being cash at bank and in hand	3,819,449	3,381,080
	=====	=====

**(iii) Analysis of net funds**

	At 1 April 2006 £	Cashflow £	At 31 March 2007 £
Cash at bank and in hand	3,381,080	438,369	3,819,449
	=====	=====	=====

### **Basis of accounting**

The financial statements have been prepared under the historic cost convention, applicable accounting standards and in accordance with the provisions of the Financial Reporting Manual, Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005 and the Companies Act 1985.

### **Going concern**

Grant-in-aid for 2007-08 taking into account the amount required to meet Becta's liabilities falling due in that year, has already been included in the department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

### **Tangible fixed assets**

Where assets are purchased from grants received, the full cost of the asset is included in fixed assets, with the grant received being accounted for immediately as a restricted fund. The restricted fund is reduced by transfers of amounts equivalent to any depreciation over the expected useful life of the related asset.

Expenditure on the acquisition of tangible fixed assets is capitalised where these costs exceed £1,000 or where an asset forms part of a larger group that in total is more than £1,000.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of the assets evenly over their expected useful lives which are as follows:

Leasehold buildings	period of lease
Furniture	10 years
Equipment	3 years

### **Incoming resources**

Income from grants and miscellaneous income, including capital grants, are included in incoming resources when these are receivable, except as follows:

- When donors specify that grants or other income given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

**Incoming resources (continued)**

When donors specify that grants or other income including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Where incoming resources have related expenditure (as with fundraising and contract income) the incoming resources and related expenditure are reported gross in the Statement of Financial Activities.

**Liability recognition**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. Liabilities which are contingent on future events are treated as contingent liabilities until a legal or constructive obligation occurs.

**Resources expended**

Expenditure is included on an accruals basis.

**Charitable activities**

Charitable activities include expenditure associated in the provision of educational projects. Due to the nature of the educational projects they are classed as one function.

**Grants payable**

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

**Support costs**

Support costs include central functions and are allocated according to the direct costs of the department plus attributable overheads.

**Governance costs**

Governance costs include costs of the preparation and examination of statutory financial statements, the costs of trustee meetings and costs of any legal advice to trustees on governance or constitutional matters.

**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 was incurred.

**Lease and hire purchase contracts**

Rentals paid under operating leases are charged to income as incurred.

**Pension schemes**

The company contributes to two defined benefit pension schemes, the Teachers Pension Scheme and the London Pension Funds Authority Scheme.

**Pension schemes (continued)**

Under the definitions set out in Financial Reporting Standard FRS 17 (Retirement Benefits), the Teachers' Pension Scheme is a multi-employer pension scheme. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme and has therefore taken advantage of the exemption under FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme i.e. premiums being charged to the Statement of Financial Activities as they become due for payment.

For defined benefit schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within pension finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the charity in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the charity has a legal or constructive obligation to settle the liability.

**Financial instruments**

The charity has foreign currency exposure in the form of Euro transactions and balances but does not hedge against it because the risk is considered minimal.

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

**Notional cost of capital**

This represents the opportunity cost to the Exchequer of assets used by the charitable company. The rate applied to calculate the cost of capital charge is 3.5%.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

## NOTES ON FINANCIAL STATEMENTS

31 March 2007

**1 Members**

The company is limited by guarantee not having a share capital. The liability of each member is limited to a sum not exceeding one pound.

The company is prohibited under the terms of its Memorandum and Articles of Association from distributing any reserves.

**2 Total resources expended**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Costs directly allocated to educational projects</b>		
Staff costs	12,206,689	9,334,500
Project and programme costs	16,921,741	20,281,164
Grants to institutions (note 2.5)	608,931	2,036,168
Depreciation	325,781	368,583
	<hr/>	<hr/>
	30,063,142	32,020,415
	<hr/>	<hr/>
<b>Support costs allocated to activities</b>		
Staff costs	2,225,435	2,685,800
Corporate overheads	1,201,249	1,403,218
Depreciation	59,394	104,566
	<hr/>	<hr/>
	3,486,078	4,193,584
	<hr/>	<hr/>
<b>Total</b>	33,549,220	36,213,999
	<hr/>	<hr/>
<b>Governance costs</b>		
Board costs	61,478	62,285
Audit	49,447	39,508
Legal	2,601	7,533
	<hr/>	<hr/>
	113,526	109,326
	<hr/>	<hr/>
<b>Total resources expended</b>	33,662,746	36,323,325
	<hr/> <hr/>	<hr/> <hr/>
<b>2.1 Staff costs</b>		
Wages and salaries	6,538,716	6,313,675
Social security costs	569,891	548,614
Agency, temporary and contract staff	6,272,745	4,329,111
Current service pension costs	824,000	545,000
Other pension costs	226,772	283,900
	<hr/>	<hr/>
	14,432,124	12,020,300
	<hr/> <hr/>	<hr/> <hr/>

**2 Analysis of total resources expended (continued)**

<b>2.2 Average number of employees</b>	<b>2007 Number</b>	<b>2006 Number</b>
The average number of persons employed by the company (excluding members of the Board) was:		
Professional staff	117	121
Administrative and technical support staff	77	82
Agency, temporary and contracted staff	77	100
	<hr/>	<hr/>
	271	303
	<hr/> <hr/>	<hr/> <hr/>
Full time equivalent	262	292
	<hr/> <hr/>	<hr/> <hr/>

**2.3 Board**

The Chair persons received £30,000 (2006: £22,780) remuneration from the company. No other member of the Board received remuneration from the company. Authority to pay the Chairman remuneration is given under the Memorandum and Articles of Association and agreed with the Charity Commission.

Expenses of £2,797 (2006: £2,657) were reimbursed to four (2006: 4) members of the Board during the year in respect of travel and other business costs.

<b>2.4 Chief Executive and higher paid employees</b>	<b>2007 £</b>	<b>2006 £</b>
The remuneration of the Chief Executive, who is not a member of the Board, was:		
Salary	107,810	132,987
Employers pension contributions	11,232	14,256
	<hr/>	<hr/>
Total	119,042	147,243
	<hr/> <hr/>	<hr/> <hr/>

The Chief Executive is an ordinary member of the LPFA Pension Scheme (2006: Teachers Pension Scheme).

The following numbers of higher paid employees, including the Chief Executive, received remuneration (excluding pension contributions) within the ranges following:

	<b>Number</b>	<b>Number</b>
£60,000 - £69,999	4	5
£70,000 - £79,999	-	1
£80,000 - £89,999	2	2
£100,000 - £109,999	2	-
£130,000 - £139,999	-	1

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

## NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

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**2.4 Chief Executive and higher paid employees (continued)**

The salary and pension entitlement of senior management included above is as follows:

	Age at 31 March 2007	Salary including benefits in bands £'000	Real increase in pension £'000	CETV at 31 March 2007 £'000	CETV at 31 March 2006 £'000	Real increase in CETV after adjustment for inflation in market investment factors £'000
Ian Adams	40	15-20	No information available			
Peter Avis	57	65-70	0-2.5	417	385	20
Alan Cowie	48	15-20	No information available			
Stephen Crowne	49	105-110	0-2.5	16	-	16
David Hassell	51	65-70	0-2.5	352	329	13
Patricia Hunt	62	65-70	0-2.5	258	231	20
Stephen Lucey	48	85-90	0-2.5	481	406	63
Neil McLean	51	85-90	0-2.5	203	154	44
Nicola Newman	47	40-45	0-2.5	83	37	44
Vanessa Pittard	43	65-70	0-2.5	18	8	10
Tony Richardson	54	100-105	0-2.5	21	2	19
Christine Vincent	47	55-60	0-2.5	226	186	34

Benefits in kind were less than £1,300 per person.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

2.5 Grants to institutions	2007	2006
	£	£
<b>Educational grants to:</b>		
<b>Private Bodies:</b>		
Ability Net South East	-	328,292
Ace Centre Advisory Trust	-	474,896
Ace Centre North	-	546,206
Changing Media Limited	65,000	-
Chelsea Children's Hospital School	3,200	-
Childnet International	50,000	-
CJA Group Limited	5,000	-
Conation Technologies Limited	17,037	-
Deafax Trust	-	167,199
Dynavox Systems Limited	-	6,099
eLearning matters	16,500	-
Future Lab Education	11,750	-
Scope	-	174,000
Support for Education Training	2,500	-
	<u>170,987</u>	<u>1,696,692</u>
<b>Public Bodies</b>		
Association of Colleges Management	3,525	-
Association for Learning	-	1,000
Barking College	-	14,976
Barking and Dagenham Local Authority	-	43,200
Bishop Auckland College	-	10,000
Bolton MBC	5,000	-
Brooksby Melton College	11,000	-
Cambridgeshire County Council	17,000	-
City College Plymouth	11,500	-
City Lit	11,500	-
City of Salford	9,250	-
Doncaster College	11,500	-
Dorset County Council	2,500	-
Durham LEA	-	23,500
Eccles College	11,500	-
Frank Wise School	6,300	-
Greenwich Community College	11,500	-
Haringay Council	2,500	-
Havering Sixth Form College	11,500	-
Kingston College	11,500	-
Lancashire County Council	15,000	-
	<u>152,575</u>	<u>92,676</u>
Carried forward	<u>152,575</u>	<u>92,676</u>

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

<b>Grants to institutions (continued)</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Public Bodies</b>		
Brought forward	152,575	92,676
Lincolnshire County Council	10,000	-
London Borough of Barnet	5,000	-
London Borough of Greenwich	-	5,000
London Borough of Havering	2,500	-
London Borough of Newham	2,500	-
Newnham College of Further Education	11,500	-
North Devon College	11,500	-
Northern College	11,500	-
Nottingham Trent University	5,875	-
Oatridge College	22,000	-
Oxford County Council	2,500	-
Portsmouth City Council	2,300	-
Sandwell College	-	-
Sandwell LEA	-	30,000
Shireland Language College	-	25,000
Shropshire County Council	3,200	-
Southwark Council	2,210	-
Stockport College	11,500	-
Stroud College	11,500	-
Thanet College	11,500	-
The Open University	20,000	-
Trafford MBC	5,000	-
University College London	-	186,800
University of Bedfordshire	16,348	-
University of Durham	19,656	-
University of Greenwich	15,900	-
University of Huddersfield	21,367	-
University of Nottingham	19,963	-
University of Warwick	20,000	-
Warwickshire County Council	14,000	-
West Sussex County Council	3,550	-
Worcestershire County Council	2,500	-
	<hr/>	<hr/>
	437,944	339,476
	<hr/> <hr/>	<hr/> <hr/>
Total grants	608,931	2,036,168
	<hr/> <hr/>	<hr/> <hr/>
Grants to institutes are paid on behalf of the DfES		
<b>3 Other costs</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Other costs include:		
Auditors' remuneration for		
- Audit	18,950	17,625
- Other services	12,024	5,773
Internal auditors remuneration	18,708	16,110
Operating leases - rent payable	627,251	808,197
Depreciation and book loss on disposal of fixed assets	385,175	473,149
Book loss on disposal of fixed assets	7,182	333
	<hr/> <hr/>	<hr/> <hr/>

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

<b>4 Investment income</b>				<b>2007</b>	<b>2006</b>
				<b>£</b>	<b>£</b>
Bank deposit interest receivable				62,737	79,296
				<u>          </u>	<u>          </u>
<b>5 Tangible fixed assets</b>					
	<b>Short leasehold buildings</b>	<b>General furniture &amp; equipment</b>	<b>Projects department furniture &amp; equipment</b>	<b>Total</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Cost</b>					
31 March 2006	268,262	3,471,300	242,507	3,982,069	
Additions	-	309,982	4,361	314,343	
Disposals	-	(17,436)	-	(17,436)	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	
31 March 2007	268,262	3,763,846	246,868	4,278,976	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	
<b>Depreciation</b>					
31 March 2006	139,490	2,719,396	216,691	3,075,577	
Charge for the year	10,730	359,063	15,382	385,175	
Disposals	-	(10,254)	-	(10,254)	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	
31 March 2007	150,220	3,068,205	232,073	3,450,498	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	
<b>Net book value</b>					
31 March 2007	118,042	695,641	14,795	828,478	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	
31 March 2006	128,772	751,904	25,816	906,492	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

## NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

	2007	2006
	£	£
<b>6 Debtors</b>		
Due within one year		
Trade debtors	5,557	45,152
Central government bodies	2,026,981	3,419,441
Local authorities	-	8,994
Prepayments	83,917	225,025
Other debtors	107,345	87,810
	<hr/>	<hr/>
	2,223,800	3,786,422
	<hr/> <hr/>	<hr/> <hr/>
<b>7 Creditors: amounts falling due within one year</b>		
Trade creditors	3,387,562	4,472,964
Central government bodies	-	61,195
Local authorities	290,274	168,156
Other taxation and social security	248,473	227,631
Other creditors	23,019	28,948
Accruals	19,550	18,950
Deferred income (note 8)	77,537	315,396
	<hr/>	<hr/>
	4,046,415	5,293,240
	<hr/> <hr/>	<hr/> <hr/>
<b>8 Deferred income</b>		
Balance at 1 April 2006	315,396	202,617
Amount released to incoming resources	(315,396)	(202,617)
Amount deferred in the year	77,537	315,396
	<hr/>	<hr/>
Balance at 31 March 2007	77,537	315,396
	<hr/> <hr/>	<hr/> <hr/>

Deferred income comprises income in advance for projects where the charity may not have entitlement to these resources until the goods or services are provided.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

**9 Restricted funds**

	<b>Movement in funds</b>			<b>Balance 31 March 2007 £</b>
	<b>Balance 31 March 2006 £</b>	<b>Incoming resources £</b>	<b>Expenditure gains, losses &amp; transfers £</b>	
DfES capital funds	100,000	-	-	100,000
Capital expenditure	880,676	309,982	(376,975)	813,683
Grant in aid and other revenue grants	-	29,964,556	(29,964,556)	-
Becta managing agency funds	923,421	3,083,062	(2,976,410)	1,030,073
Total cost of ownership fund	595	-	(595)	-
Deficit on defined benefit pension	(5,052,000)	-	1,119,000	(3,933,000)
	<u>(3,147,308)</u>	<u>33,357,600</u>	<u>(32,199,536)</u>	<u>(1,989,244)</u>

DfES capital fund was provided to finance working capital.

Capital expenditure fund is represented by the leasehold building and general furniture and equipment.

Grant in aid and the grants fund are given for specific activities.

Becta managing agency funds represent funds given by the Learning and Skills Council and the Scottish FEFC for specific activities.

Total cost of ownership grant was given by Joint Information Steering Committee for implementing a project within the HE sector.

Deficit on defined benefit pension relates to the year end actuarial valuation of the company's share of the deficit in the scheme for staff that are funded from government grants.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

## NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

**10 Designated funds**

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific future purposes.

	<b>Balance 31 March 2006 £</b>	<b>Movement in funds £</b>	<b>Balance 31 March 2007 £</b>
Publications			
- revenue	260,610	(260,610)	-
Company projects			
- revenue	327,494	312,506	640,000
- capital	25,816	(11,021)	14,795
	<hr/>	<hr/>	<hr/>
	613,920	40,875	654,795
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The publications revenue fund is no longer required as publication activities have ceased.

The company projects revenue fund has been set aside to meet the refurbishment and restructuring costs, due to be spent over the next two years, which are considered to be integral to the achievement of corporate plan objectives where no other funding is available.

Company projects capital fund is represented by the projects department furniture and equipment.

**11 Analysis of net assets between funds**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
<b>Fund balances at 31 March 2007 are represented by:</b>			
Tangible fixed assets	14,795	813,683	828,478
Current assets	866,761	5,176,488	6,043,249
Current liabilities	-	(4,046,415)	(4,046,415)
Pension liabilities	-	(3,933,000)	(3,933,000)
	<hr/>	<hr/>	<hr/>
<b>Total net assets/(liabilities)</b>	881,556	(1,989,244)	(1,107,688)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**12 Financial commitments**

The company occupies office premises under a twenty-five year lease expiring 26 August 2018 at an annual rental of £414,657 exclusive of rates and service charges. The lease is subject to rent reviews every fifth year and may be terminated at the company's option on 26 August 2008 on payment of an additional six months rental.

The company also occupies office premises under a twenty-one year lease expiring 31 August 2020 at an annual rent of £64,156 exclusive of rates and service charges. The lease is subject to rent reviews every third year.

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

## NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

**12 Financial commitments (continued)**

The company also occupies office premises under a twenty-one year lease expiring 30 November 2024 at an annual rent of £68,436 exclusive of rates and service charges. The lease is subject to rent reviews every third year.

The company has a pension commitment for persons who have taken early retirement and belonged to the pension schemes. The current annual charge is £55,782 (2006: £78,314).

**13 Pensions**

The two principal pension schemes for the charitable company's staff are the London Pension Funds Authority and the Teachers Pension Scheme (TPS). Contributions paid to the schemes during the year were based on the following rates:

	<b>Employers</b>	<b>Employees</b>
Teachers Pensions Scheme - 1.4.06 - 31.12.06	13.5%	6.0%
- 1.1.07 - 31.3.07	14.1%	6.4%
London Pension Funds Authority	10.7%	6.0%

An additional contribution of £286,056 was paid to the London Pension Funds Authority giving an equivalent contributions rate of 19.8%.

<b>Total pension cost for the year</b>	<b>31 March 2007</b>	<b>31 March 2006</b>
	<b>£</b>	<b>£</b>
Teachers' Pension Scheme : contributions paid	226,772	283,900
London Pension Funds Authority	824,000	545,000
	1,050,772	828,900
	1,050,772	828,900

**Teachers' Pension Scheme**

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	31 March 2004
Actuarial method	prospective benefits
Investment returns per annum	7.0% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£142,880 million

Proportion of members' accrued benefits covered by the actuarial value of the assets	100%
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Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the year ended 31 March 2007 the employer contribution was 13.5%.

**13 Pensions (continued)**

**FRS17**

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charitable company has taken advantage of the exemption under FRS17 and has accounted for its contributions as if it were a defined contribution scheme. The charitable company has set out above the information available on the deficit in the scheme and the implications for the charitable company in terms of anticipated contribution rates.

**The London Pensions Funds Authority**

The London Pension Funds Authority is a funded scheme with assets held in separate trustee administered funds. The latest formal valuation of this scheme for funding purposes was as at 31 March 2007.

The main financial assumptions used in the actuarial valuation of the London Pension Funds Authority scheme were as follows:

	<b>31 March 2007</b>	<b>31 March 2006</b>	<b>31 March 2005</b>
	<b>% p.a.</b>	<b>% p.a.</b>	<b>% p.a.</b>
Price increases	3.2%	3.1%	2.9%
Salary increases	4.7%	4.6%	4.4%
Pension increases	3.2%	3.1%	2.9%
Discount rate	5.4%	4.9%	5.4%

The assets of the whole of scheme and the expected rates of return were:

	<b>Long term expected return</b>	<b>Long term expected return</b>	<b>Long term expected return</b>
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Equities	7.7%	7.3%	7.7%
Bonds	6.4%	6.0%	4.8%
Property	6.8%	6.5%	5.7%
Cash	4.9%	4.6%	4.8%
Total	7.2%	6.8%	7.1%

	<b>Fund value at 31 March 2007 £'000</b>	<b>Fund value at 31 March 2006 £'000</b>	<b>Fund value at 31 March 2005 £'000</b>
Equities	8,244	7,337	7,016
Bonds	2,960	2,217	960
Property	1,678	1,372	634
Cash	355	715	298
Total	13,237	11,641	8,908

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

**13 Pensions (continued)**

Net pension liability of company	<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>	<b>31 March 2005 £'000</b>
Estimated employer assets	13,237	11,641	8,908
Present value of scheme liabilities	16,674	16,195	12,957
Present value of unfunded liabilities	496	498	460
Total value of liabilities	17,170	16,693	13,417
Net pension liability of company	3,933	5,052	4,509

For accounting periods prior to 2005/06 Becta following CIPFA's guidance adopted a real discount rate of 3.5% per annum. Thereafter the Statement of Financial Activities figures are calculated based on a discount rate derived from corporate bond yields, as required by CIPFA.

Becta has fully implemented the pension disclosures under FRS17 and full provision has been made by the company for the company's share of the deficit in the scheme.

**Revenue account costs**

<b>Analysis of amount charged to statement of financial activities</b>	<b>31 March 2007 £'000</b>	<b>31 March 2007 % of payroll</b>	<b>31 March 2006 £'000</b>	<b>31 March 2006 % of payroll</b>
Service cost	824	19.7%	545	15.0%
Past service costs	-	-	-	-
Curtailments and settlements	-	-	-	-
	824	19.7%	545	15.0%
Amount credited to other finance income				
Expected return on employer assets	810	19.3%	652	18.0%
Interest on pension scheme liabilities	(836)	(19.9%)	(737)	(20.4%)
Net return	(26)	(0.6%)	(85)	(2.4%)
<b>Net revenue account cost</b>	<b>850</b>	<b>20.3%</b>	<b>630</b>	<b>17.4%</b>

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

## NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

**13 Pensions (continued)**

<b>Analysis of amount recognised in statement of financial activities (SOFA)</b>	<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>
Actual return less expected return on pension scheme assets	115	1,483
Experience gains and losses arising on the scheme liabilities	(20)	(8)
Changes in financial assumptions underlying the present value of the scheme liabilities	1,140	(2,063)
	<hr/>	<hr/>
Actuarial gain/(loss) in pension plan	1,235	(588)
	<hr/>	<hr/>
<b>Actuarial loss recognised in the SOFA</b>	<b>1,235</b>	<b>(588)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of amount recognised in statement of financial activities (SOFA)</b>	<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>
<b>Movement in deficit during the year</b>		
Deficit at beginning of the year	(5,052)	(4,509)
Current service cost	(824)	(545)
Employer contributions	706	648
Contribution in respect of unfunded benefits	28	27
Impact of settlements and curtailments	-	-
Net return on assets	(26)	(85)
Actuarial gains/(losses)	1,235	(588)
	<hr/>	<hr/>
<b>Deficit at year end</b>	<b>(3,933)</b>	<b>(5,052)</b>
	<hr/> <hr/>	<hr/> <hr/>

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

**13 Pensions (continued)**

**History of experience gains and losses**

	<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>	<b>31 March 2005 £'000</b>	<b>31 March 2004 £'000</b>	<b>31 March 2003 £'000</b>
Difference between the expected and actual return on assets	115	1,483	244	875	(2,271)
Value of assets	13,237	11,641	8,908	6,869	5,329
<b>Percentage of assets</b>	<b>0.9%</b>	<b>12.7%</b>	<b>2.7%</b>	<b>12.7%</b>	<b>(42.6%)</b>
Experience (losses)/ gains on liabilities	(20)	(8)	568	11	(86)
Present value of liabilities	17,170	16,693	13,417	9,675	8,586
<b>Percentage of the present value of liabilities</b>	<b>(0.1%)</b>	<b>(0.0%)</b>	<b>4.2%</b>	<b>0.1%</b>	<b>(1.0%)</b>
Actuarial gains/(losses) recognised in SOFA	1,235	(588)	(1,522)	886	(2,357)
Present value of liabilities	17,170	16,693	13,417	9,675	8,586
<b>Percentage of the present value of liabilities</b>	<b>7.2%</b>	<b>(3.5%)</b>	<b>(11.3%)</b>	<b>9.2%</b>	<b>(27.5%)</b>

**Analysis of projected amount to be charged to statement of financial activities for the year to 31 March 2008.**

**BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY**

NOTES ON FINANCIAL STATEMENTS (continued)

31 March 2007

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**13 Pensions (continued)**

Projected amount charged to statement of financial activities year to 31 March 2007.

	<b>Year to 31 March 2008</b>	
	<b>£,000</b>	<b>% of payroll</b>
Estimated current service cost being total charge	766	17.2%
	<hr/>	<hr/>
Projected amount credited to other finance income		
Expected return on employer assets	966	21.6%
Interest on pension scheme liabilities	(946)	21.2%
	<hr/>	<hr/>
Net return	20	0.4%
	<hr/>	<hr/>
<b>Estimated net revenue account cost</b>	<b>746</b>	<b>16.8%</b>
	<hr/>	<hr/>

**14 Contingent Liability**

Becta has been in receipt of income which has various terms attached to how it may be utilised. However, the trustee directors recognise that this is a complex area and there is always a risk that some funding could become repayable. It is not possible to estimate the value, if any, or timing of such payments.

**15 Taxation**

There is no taxation payable as the charity's activities are covered by exemptions.