

BRITISH EDUCATIONAL COMMUNICATIONS
AND TECHNOLOGY AGENCY

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2008

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
FINANCIAL STATEMENTS
For the year ended 31 March 2008

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BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
TRUSTEES' ANNUAL REPORT
31 March 2008

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 (retired from Board 19 October 2007)
Derek Wise
Graham Badman CBE
Graham Moore OBE
John Roberts CBE
Rosemary Luckin
Stephen Gill
John Newbiggin (appointed 1 May 2008)
Lopa Patel (appointed 15 May 2008)

DCSF Assessor: Ralph Tabberer

Chief Executive: Stephen Crowne

Company Secretary: Peter Avis

Auditors: **External Auditors**
Baker Tilly UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

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

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The Board presents its report and the audited accounts for the year ended 31 March 2008.

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 Children Schools and Families (DCSF).

Principal activities

The objects of the company are “to provide leadership to the educational community in all aspects of the application and embedding of new technology” (remit letter from Secretary of State for Education, Feb 2007).

In furthering these objectives we comply with current statutory requirements, the requirements of Becta’s governing documents, the financial memorandum, and any administrative requirements for the use of public funds. Since the last report Becta’s sponsoring department within Government, the DfES, has been subject to reorganisation. Our primary relationship is with the Department for Children, Schools and Families (DCSF) and we also have strong working links with the Department for Innovation, Universities and Skills (DIUS).

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

Becta’s Executive Committee in 2007/2008 comprised:

| | |
|-----------------|---|
| 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 Workforce and Development |
| Stephen Lucey | Executive Director for Strategic Technologies |
| Tony Richardson | Executive Director for Strategy & Policy |
| Jane Williams | Executive Director for Further Education, Skills and Regeneration |

Becta’s Operational Committee in 2007/2008 comprised:

| | |
|-----------------|--|
| Peter Avis | Director for Educational Policy |
| Vanessa Pittard | Director for e-Strategy |
| Paul Shoemith | Director for Technical Strategy |
| Mark Wallbank | Director for Procurement Strategy |
| David Hassell | Director for Learning, Teaching and Inclusion |
| Mike Briscoe | Director for Institution, Leadership and Safeguarding |
| Cathy Ellis | Director for Improvement, Personalisation and Leadership |
| Christine Lewis | Director for Efficiency and Productivity in Further Education and Skills |
| Richard Pearse | Director for Finance and IT |
| Pat Hunt | Director for Organisational Change and Performance |
| Brian Hardie | Director for Marketing Communications |
| Colin Penfold | Director for Partnerships and Commissioning |

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Board members

Board members are currently appointed by the Secretary of State for Children, Schools and Families (formerly by the Secretary of State for Education and Skills). Board members are usually appointed for a term of three years.

Members of the Board who are the trustees at the charity during the year ended 31 March 2008 were:

Chairman

Andrew Pinder

Board

Andrew Pinder

John Roberts

Stephen Gill

Anthony Lilley

(resigned 19 October 2007)

Graham Badman

Derek Wise

Graham Moore

Rosemary Luckin

The following became Members of the Board and trustees of the charity after 31 March 2008

John Newbigin

(appointed 1 May 2008)

Lopa Patel

(appointed 15 May 2008)

Structure, governance and management

Status: The British Educational and Communications Technology Association (Becta) is a non-departmental public body (NDPB), 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 Children, Schools and Families (DCSF).

Becta's role and history: Becta leads the national drive to inspire and lead the effective and innovative use of technology throughout learning. It's our ambition to create a more exciting, rewarding and successful experience for learners of all ages and abilities enabling them to achieve their potential.

Becta is the Government's lead agency for Information and Communications Technology (ICT) in education, covering the United Kingdom. It was established in 1998 through the reconstitution of the National Council for Educational Technology (NCET). Becta is a company limited by guarantee with charitable status.

In March 2007, Becta was given an enhanced remit by the Department for Children, Schools and Families (DCSF) (which was then the DfES); to lead the co-ordination, development and delivery of the government's strategy to harness the power of technology to help improve education, skills and children's services. A key part of our role is to work closely with the DCSF and other partners to ensure that the potential of technology is taken fully into account in developing future policy.

Becta's 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 nine trustees together with an assessor nominated by the DCSF. 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 six times during financial year 2007-8.

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 2007-8 Becta underwent a process of restructuring. This involved making a number of redundancies, incurring severance and associated pension costs totalling £907,373. All redundancy payments were made in line with Becta's approved Redundancy Scheme. Although restructuring has not been fully completed at all tiers of the organisation, all senior management posts have been recruited to. The management structure is shown on page 6.

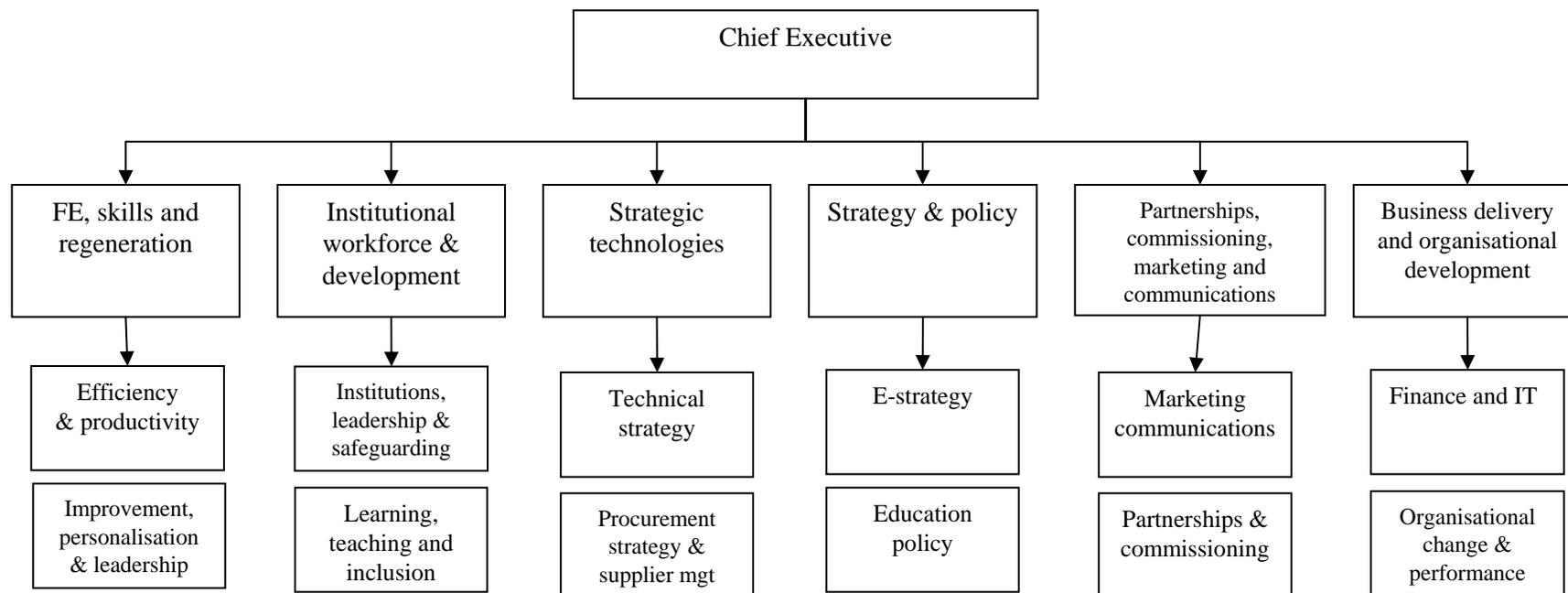
Risks:

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 2007-8 included:

- Becta could fail to convince Ofsted and other inspection bodies to change criteria to take sufficient note of technology.
- National attitudes to technology in education are damaged by a serious incident relating to the safety and protection of children, arising from misuse of the Internet within the education system.
- Becta's pension's deficit continues to affect Becta's financial position. However, any future liability will be covered through future Grant-in-Aid payments to Becta which under normal conventions applying to parliamentary control over expenditure cannot be made in advance of need.
- Risk that Becta's campaign fails to convince wider community (e.g. parents, employers) and users of the system (e.g. learners, front-line staff) sufficiently to drive demand for better ICT from the supply side.
- Risk that local and regional bodies do not have the capacity and capability to support the changes needed for Becta's strategic objectives

Risk management is applied at all levels in the organisation with registers maintained for programme and project steering groups with escalation to the Operational & Executive Committees when appropriate.

Becta's organisational and leadership structure March 2008



Performance 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 and this is translated into an annual business plan.

The Board of Trustees ensures that the business plan meets the requirements set out in the remit and priorities letter. Once their approval is obtained, an operational plan is developed which develops the business 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.

Assurance in these matters has been re-enforced by Becta Directors who comprise the Operational Committee (OC), formed in 2007, whose remit is to provide 'cross directorate' perspective, decision making and intervention at operational level.

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

Becta's performance for 2007-8

Our work with the DCSF, key partner agencies and a wide cross section of the education community led to an agreed Harnessing Technology delivery plan published in December 2006 which set out a four year programme to achieve a set of high-level outcomes.

To achieve this delivery plan and its outcomes Becta has set-out the work of partners and provided leadership to the educational system to:

- ensure that the educational system has the right technology, connectivity, content and underpinning data systems in place throughout the system – wherever and when ever learning takes place, in a stable, well managed state and procured through value for money national framework agreements and;
- make sure that the whole of the educational workforce has the capability and capacity to make best use of the technology in teaching, learning and management and that all learners are able to have access, to use and apply technology appropriately to extend, enhance and enrich the quality of learning, to open up opportunity and to help them achieve, enjoy and succeed.

Activity focus during 2007-8

The objectives detailed above were very similar to those adopted during the previous financial year (2006-7). However during 2007-8 activities were more clearly focused on delivering the Government's Harnessing Technology Strategy.

This 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.

Activity focus during 2007-8 (continued)

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

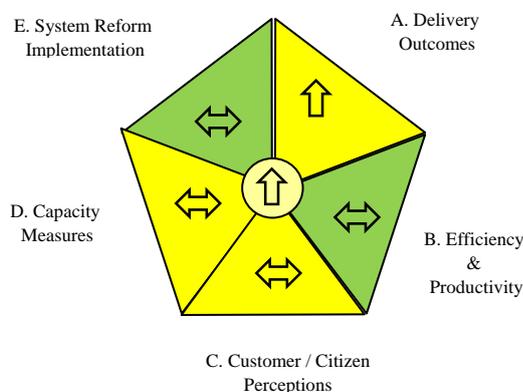
Harnessing Technology was presented via four themes; strategic technologies, e-maturity, knowledge architecture, and personalised content. For the first two themes; strategic technologies and e-maturity, Becta developed focused delivery programmes.

Departmental objectives for knowledge architecture and personalised content were less well developed into fully resolved 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 which 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 and 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.

Additionally, the DCSF uses a pentagram balanced scorecard to assess the performance of its NDPB's. DCSF assessed Becta's overall performance for the year amber/green with individual dimensional assessments as depicted below:



| | | |
|--|----------------------|---|
| | Red | Highly problematic - requires urgent and decisive action. |
| | Amber / Red | Problematic - requires substantial attention, some aspects need urgent attention. |
| | Amber / Green | Mixed - aspect(s) require substantial attention, some good. |
| | Green | Good - requires refinement and systematic implementation. |

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

Delivery outcomes - Status: Amber/Green

Becta's performance in relation to delivery outcomes is tracked via nine measurements of impact on the education system. Of these nine measurements, six have been evaluated as green, two as amber, and one as red.

1. Personal online learning space

Objective 'All Local Authorities will provide access to a personal online learning space available to pupils in every school'

Results: Providing universal access to learning platforms for all students is an essential pre-requisite to delivering future ambitions including greater personalisation and engagement with parents. Access is now available in all Local Authorities. This challenging 100% target of deployment throughout the country has been achieved in the absence of any direct authority over the spending priorities of Local Authorities. It has been delivered through a strong team effort with a comprehensive offer and with direct Becta support for Local Authorities.

2. Standards and specifications

Objective 'All partners funding major rebuilding in schools and colleges incorporate Becta-endorsed functional and technical specifications'

Results: Becta develops national standards and specifications in consultation with educational stakeholders and the supply side. The specific objective for 2007/08 was to ensure that these national standards were adopted by all new building programmes. This has been broadly successful; however, one partner had, by the year end, still to formally adopt the standard, though had agreed in principle.

3. Teachers sharing and using digital learning resources

Objective 'Increase the % of teachers who use digital resources created by others from 39% to 45%'

Results: Survey evidence indicates that we have achieved the objective. To support and sustain this increase in using existing resources Becta has identified with the subject associations a 'starter-for-10' series of important resources to use, developed guidelines for repository owners and put in place a series of demonstrator projects to promote improved practice but also to identify barriers to using existing resources. Becta has also worked with JISC Collections to procure a range of nationally negotiated resources at very competitive prices.

4. Institutional Frameworks (SRF)

Objective '66% schools use Becta Self Review Frameworks and 50% are progressing through them'

Results: End of year SRF engagement was 12,458 representing 55.9% of schools consequently the status of this target is red. The progression outturn for end of year achieved 8,387 (57%) against a target of 7,350; the status of this target is green.

5. Personalising Teaching & Learning

Objective 'Increasing the number of teachers who can exploit technology to personalise learning from 14% to 19% (primary) and from 7% to 10% (secondary)'

Results: Owing to unavailability of interim data, progress reports were based on a proxy measure based on the number of schools rating themselves level 3 or better on the appropriate elements of the SRF. The proxy measure (an amalgamation of performance in both secondary and primary schools) use school assessments in Learning and Teaching in the SRF at level 3 or better, shows there has been a steady increase through the year of teachers using technology effectively. Although further assessment is required the extracts from Harnessing Technology indicate that the original targets for this delivery outcome will have been met.

6. Improving assessment

Objective: 'Increasing the number of teachers who use technology to support assessment from 8% to 11% (primary) and 15% to 23% (secondary)'

Results: Statistics extracted The Harnessing Technology Survey (2007-2008) relating to the capability of teachers to use technology to support learner assessment included the following:

ICT based assessment primarily for pupils to demonstrate learning, primary teachers 20%, secondary teachers 27.5%

Although further assessment is required the extracts from Harnessing Technology indicate that the original targets for this delivery outcome have been met.

7. Home Access

Objective: To increase to 50,000 by March 08 and 100,000 by August 08 the number of homes equipped to access online learning resources

Results: The objective was achieved before the year end and with continuing progress has resulted in over-achieving its target with 53,972 homes equipped in March 08. Becta has successfully managed the research, dialogue and development of reports and stakeholder engagement in support of the Home Access Task force and for ministerial dialogue. Options have been developed for implementation with the aim of continuing set-up in the next financial year, subject to agreement of initiative funding from government.

8. Using Technology to Improve Parental Engagement

Objective: 'All secondary schools ready to use technology to provide real-time reporting to parents'

Results: Becta's strategy has been to take a policy guidance and programme role with DCSF to move from a White Paper intention for all schools to provide thrice yearly reporting to a strategy that sees schools improving continuous parental engagement by exploiting ICT, including online reporting. Following reviews with schools; parents, suppliers, Ministers and social partners - WAMG and IRU (the consultative bodies consisting of trade union representatives and the national body ensuring reduced burdens on schools) - Becta and DCSF officials have established a policy model that enables schools to choose solutions and approaches that are geared to timely, manageable and meaningful information exchange with parents without requiring regulatory requirements that would imply an imposed reporting model for all schools. The strategy is now agreed by partners. It forms part of the published Children's Plan; is adopted DCSF policy, has Ministerial approval and the formal agreement from WAMG and IRU. A joint letter signed by the Minister; WAMG and IRU was despatched to all schools in England in June to announce this policy.

9. Safety for children and learners

Objective: 'All Local Safeguarding Children's Boards (LSCBs) have a plan in place that covers e-Safety'

Results:

Overall this project has been hugely successful in terms of gaining an insight and understanding of e-safety within local authorities and LSCBs. Of the original target of 151 LSCBs, we are satisfied with the status of 149 LSCBs; the remaining 2 LSCBs have been contacted. We have developed robust partnerships with CEOP and ADCS to ensure that LAs have a trained and supported e-safety person within their authority who can lead on this agenda throughout 2008/2009.

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Efficiency and productivity - Status: Green

Becta's efficiency and productivity is tracked via measures of savings attributed to Becta across the education system, our internal efficiency savings, and our success in matching our projected expenditure profile. All three of these measures are green.

Procurement Mechanisms

Objective: 'Save the education system £85m over three year to March 2008, with a further £30m in committed contracts for 2008-9.

Results: We have seen steady growth in the cumulative total cash savings over the three year period for this target. Against a target of £85m Becta's own frameworks have yielded auditable savings of over £100m. Additional savings actioned through collaborative procurement by RBCs indicated further savings of £207m yielding a total saving of £307m against the £85m target.

Efficiency Savings:

Objective: 'Achieve reduction in costs through efficiency savings of £369,000

Results: The overall total efficiency target was just exceeded with £369,680 being achieved in the year. This was mainly as the result of closing two satellite offices in Derby and London.

Expenditure Profile

Objective: 'Maintain expenditure in line with agreed budget'

Results: After adjusting for depreciation and other non-cash items, annual expenditure amounted to approximately £100,000 less than total income.

Customer and Stakeholder Perceptions - Status: Amber/Green

This evaluation is based on the result of a survey series reporting on awareness of, and attitudes to, Becta.

Communications and marketing :

Objective: '70% of key stakeholders agree that Becta has a positive impact on their delivery of the Harnessing Technology' strategy.

Results: The brand development work was completed and successfully delivered internally at the staff meeting in December and publically at BETT 2008. The impact of the brand implementation and the initial campaign launch had a positive effect with a strong upturn in awareness and attitude towards Becta, with increases in our approval rating from 20% to 50% and increases in our awareness from 65% to 75%.

Capacity Measures - Status: Amber/Green

Objective: 85% of substantive posts filled

Results: A major restructuring has taken place during the last 12 months, designed to provide Becta with the capacity and capability to respond to the demands of its new remit, but also resulting in a number of redundancies. Implementation of the new structure also necessitated a recruitment freeze allowing staff at risk to be considered for new posts. These two factors caused the number of unfilled vacancies to exceed the target level although the affect was mitigated and Becta's capacity to fulfil its remit maintained by the appointment of interim managers and contractors.

As at 31 March 2008 substantive staff have been allocated to their new posts and an intensive recruitment programme is underway to recruit to the vacancies in the new structure.

System Reform - Status: Green

Becta support for system reform is assessed via five impact measures of stakeholders, partner agencies and support providers willingness to adopt Becta recommendations on standards, strategy and policy. Of these four are evaluated green and one amber/green on the basis that one targeted partner agency had not made formal commitment by the year end. Plans have been agreed to complete these negotiations early in the financial year 2008/9.

Finance

The principal funding for Becta is from the Department for Children Schools and Families (DCSF) with additional funding being received from other UK Non-departmental Public Bodies in the education sector.

Becta received a significant increase in funding to support expenditure that also saw a reclassification of funding from Capital to Revenue. The increase in funding was targeted at programme delivery and expenditure on support costs has remained consistent with previous years. During the year an additional payment of £53,013 was paid to London Pension Funds Authority (LPFA) and Teachers Pension Fund (TPS) in respect of past service costs. This payment plus an additional employer contribution of 4.4% on the standard contribution rate will continue until 2008 when the triennial actuarial valuation of the fund is due. The overall deficit in this pension fund decreased from £3,933,000 to £2,353,000, the movements of which are shown in note 13 in the financial statements.

Becta has also worked on a range of grant funded work streams. To support this a grant rationale process, determining the appropriate use of grant funding as an option has been developed.

Corporate governance

During the year Becta implemented a major change to its organisational structures and management procedures. During this period of change good corporate governance and internal controls have been maintained.

Sensitive Data Security

Although Becta does not hold large amounts of sensitive personal data, it does ensure that any data held is safely maintained and access and distribution secure. During the year there has been no loss of sensitive personal data.

Environmental policy

Becta continues to work towards the environmental sustainability targets set out in its environmental policy this year specifically:-

- By having benchmarked our environmental impact and carbon footprint with other Government departments and Private Sector industries as part of the facilities review.
- By collecting utilities data for our energy certification in Oct 2008.
- By working with our suppliers to understand their environmental policies and principals, and making sure they are compatible with our own.

Health and safety management

Becta has a robust set of Health & Safety procedures in place as part of its management arrangements and this is promoted throughout the organisation via the H&S Committee and consultation with staff representatives.

Becta audits its H&S practices annually with a HSE recognised audit and the results and actions posted on the staff intranet. As part of H&S and for the wellbeing of all staff, Becta records and reports all accidents and sickness absence to the H&S committee focusing on issues such as stress within the workplace.

Becta has also supported a Disability Discrimination Act (DDA) access audit of its premises to ensure that it complies with current legislation.

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.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with Becta continues and that appropriate training is arranged. It is the policy of Becta that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

To ensure a Becta-wide understanding of the issues relating to discrimination, Becta has, during 2007/08, provided 'discrimination training' for both directors and managers.

Training & Development

As a consequence of the restructuring exercise, responsibility for learning and development has transferred to the Human Resources department. Whilst training has continued to be provided during the restructuring, the focus of effort during the last quarter of the year has been to improve the design and effectiveness of the electronic Performance Development Review system. This was launched at the end of March for implementation from 1 April 2008.

Becta will also be publishing both a revised Learning & Development Strategy and a linked Learning & Development Policy early in the new financial year and will be appointing a Training & Development Manager to head up the new function

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 2008, 92 per cent of invoices were paid within the 30-day period. Becta has received no claims for interest under the Act during the year. No 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 averse 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 £254,779.

Becta's working capital for its core activities is restricted to a maximum of 2% of its annual grant in aid entitlement. For 2007-08 this amounted to £209,180 (£222,000 in 2006-7). 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 2008 shows a restricted fund deficit of £903,143 (2007: £1,989,244). This reflects the inclusion of LPFA defined benefit pension scheme liabilities falling due in future years, and the provision for compensation payments former employees who took early retirement through the TPS. Becta's sponsoring department, the Department for Children, Schools and Families (DCSF) has agreed 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 2008-09, 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

Becta's Business Plan for 2008-9 describes the work by which Becta will ensure delivery of the Government's Harnessing Technology strategy. It sets out the actions which Becta will take in 2008-9 to support the departmental strategic objectives of both DCSF and DIUS, to meet the requirements of our remit and annual priorities letter, and to contribute to implementation of the Children's Plan.

Becta's plan for implementing the Harnessing Technology strategy was published on 9 January 2007, and it sets out the actions which Becta will take in 2008-9 to ensure the continuing delivery of phase 1, and the initiation of phase 2 of the strategy. During the last three years, we have focused effort and delivery activity on leveraging up quality and performance on the industry supply side and on strengthening the capability of education and training providers.

In this next phase we need to ensure that the way we use technology more directly impacts on the government's key priorities.

Phase 2 of Harnessing Technology places an increased focus on the demand side, giving voice to and empowering the learner, the carer or parent and employer, increasing choice and opportunity and re-configuring the system, the curriculum, assessment and pedagogy around the needs of the user – using technology as a tool to drive and support this reconfiguration. It is aligned to the government's evolving policy goals for education, focused on ensuring that technology is a major contributor to accelerating reform in these areas that will include:

- tackling social equity by reducing inequality in educational opportunity, targeting technology for learning support and resources to those who need it most;
- narrowing achievement gaps by applying technology to increase opportunity and engagement with under-achieving groups;
- promoting high achievement in core and key skills – applying technology in learning and teaching in key areas of literacy and numeracy;
- personalising education – providing greater customisation, match to individual needs and greater choice and opportunity for learners and developing more responsive and flexible arrangements for learning both in and outside of the formal curriculum in schools, colleges, higher education, skills training and lifelong learning;
- exploring different and transformed models for delivering personalised educational services to users – particularly to under-achieving, hard to reach and disengaged groups.

Key Result Areas

A series of Key Result Areas (KRAs) have been defined for the period 2008-2011, with three year targets to set the direction and one year targets to focus operational activity for 2008/9. These align with the strategic framework and the Becta organisational structure.

Over the next few years Phase 1 and Phase 2 of e-strategy delivery will run in parallel to deliver the e-confident system where not only are the foundations of skills and technology in place but the outcomes in terms of learning achievement are delivered. Whilst there is an obvious desire to move forward quickly with Phase 2, there is still much underpinning activity that must continue if the needs of a demand-led system are to be met. Therefore a number of work streams from 2007/8 will flow through into 2008/9 within the revised Key Result Areas (KRA) and a summary of the principle targets are as follows: .

Leadership and Strategy

Ensure co-ordinated national leadership in harnessing technology effectively for the benefit of learners. Key partners demonstrate their commitment to deliver the new strategy by taking part in governance, embedding actions in their policies and operational plans, and allocating resource.

Target- 50% of key partners by March 2009.

Evidence and Research

Conduct research to support a strong, shared understanding within education policy and leadership of the role of technology in supporting education reform.

Target- All core strategy and policy partners report they have solid awareness of the role of technology in supporting educational reform.

School Learners: Effective and Safe use of Technology

Learners systematically make effective and safe use of technology to support their learning.

Target - Reduce by 10% (from the 2007 baseline) the number of all disadvantaged learners without access to learning through technology. The development of the learner 'offer' with high stakeholder acceptance and an 80% awareness by NDPB partners and appropriate RBC/LA staff.

Schools: Effective and Safe use of Technology

Schools make effective and safe use of technology across the range of key functions

Target - 25% of schools demonstrate progress in key areas of activity, measured in areas such as leadership, workforce and business processes.

FE&S: Efficiency and Effectiveness of training providers

Conduct and implement a review of the efficiency and effectiveness of the delivery chain for technology investment so that providers can make informed strategic investment choices in technology and learning resources that represent value for money.

Target - Deliver a single national prospectus for technology focussed CPD, embedded into national delivery by March 2009.

FE&S Workforce capability and leadership

Develop a capable and confident education and training workforce that is skilled in the effective deployment and exploitation of technology and is achieving top quartile international FE and Skills performance, in the deployment of technology.

Target - Deliver a single national prospectus for technology focussed CPD embedded into national delivery by March 2009.

Quality Standards for Products and Services

Establish recognised quality standards for digital learning resources and professional tools

Target – Over 50% of a sample of demand-side users is positive about the criteria and approach. Over 25% of a sample of the supply-side recognises the value of achieving the quality standards.

Business processes and efficiency

Achieve the deployment of efficient, cost effective and appropriate technology to support improved education and training business processes.

Target - Achieve £50m cash saving

Learning Management Systems and Interoperability

Increase the proportion of institutions and training providers with integrated learning management systems.

Target - Increase the number of primary schools from 9% to 20%, the number of secondary schools from 26% to 40% and the number of FE Colleges from 46% to 55%.

Campaign

Key target audiences are aware of, understand and have positive attitudes with respect to the Next Generation Learning campaign

Target – 25% of parents have awareness and 13% an understanding of the Next Generation Learning campaign.

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 formed a Remuneration Committee during the year and the first meeting was held in December to approve a policy on remuneration for the Chief Executive, Executive Directors and Directors.

The Chief Executive's remuneration is reviewed annually, and subject to full satisfactory performance, and 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 six months notice period are outlined.

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 entitled to be members of Local Government Pension Scheme, or where previous membership applies, the Teachers Pension Scheme. The statement also provides details of the terms relating to severance for loss of office. Currently there are no special arrangements for Executive Directors and Directors to receive termination awards.

All Executive Directors and Directors are entitled to receive six months notice on termination of their employment.

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
TRUSTEES' ANNUAL REPORT (continued)
31 March 2008

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:

| | 2008 £ | 2007 £ |
|---------------------------------|-------------|-------------|
| Salary (including PRP) | 148,200 | 107,810 |
| Employers pension contributions | 14,467 | 11,232 |
| Relocation Expenses | 72,484 | - |
| | <hr/> | <hr/> |
| Total | 235,151 | 119,042 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Chief Executive is an ordinary member of the LPFA Pension Scheme.

Emoluments of senior employees

| | Age at 31 March 2008 | Salary including benefits in bands 2008 £'000 | Benefits-in-kind 2008 to nearest £'000 | Salary including benefits in bands 2007 £'000 |
|--------------------------------|-------------------------|--|---|--|
| Ian Adams | 41 | 100-105 | 6 | 15-20 |
| Peter Avis | 58 | 70-75 | - | 65-70 |
| Mike Briscoe (from July 07) | 51 | 60-65 | - | - |
| Alan Cowie | 49 | 105-110 | - | 15-20 |
| Stephen Crowne | 50 | 220-225 | 72 | 105-110 |
| Cathy Ellis (from July 07) | 51 | 50-55 | - | - |
| Brian Hardie (from July 07) | 46 | 45-50 | - | - |
| David Hassell | 52 | 65-70 | - | 65-70 |
| Patricia Hunt | 63 | 65-70 | - | 65-70 |
| Christine Lewis (from July 07) | 53 | 60-65 | - | - |
| Stephen Lucey | 49 | 95-100 | - | 85-90 |
| Neil McLean | 52 | 100-105 | - | 85-90 |
| Richard Pearse (from Mar 08) | 53 | 0-5 | - | - |
| Colin Penfold (from July 07) | 46 | 60-65 | - | - |
| Vanessa Pittard | 44 | 65-70 | - | 65-70 |
| Tony Richardson | 55 | 105-110 | - | 100-105 |
| Paul Shoesmith (from July 07) | 47 | 50-55 | - | - |
| Mark Wallbank (from July 07) | 47 | 50-55 | - | - |
| Jane Williams (from July 07) | 54 | 110-115 | - | - |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
TRUSTEES' ANNUAL REPORT (continued)
31 March 2008

Audited section of the Remuneration Report (continued)

Pension benefits

| | Real increase in pension | CETV at 31 March 2008 | CETV at 31 March 2007 | Real increase in CETV after adjustment for inflation in market investment factors |
|--------------------------------|-----------------------------------|-----------------------------|-----------------------------|---|
| | £'000 | £'000 | £'000 | £'000 |
| Ian Adams | 0-2.5 | 11 | 2 | 4 |
| Peter Avis | 0-2.5 | 453 | 417 | 36 |
| Mike Briscoe (from July 07) | 0-2.5 | 409 | 366 | 25 |
| Alan Cowie | 0-2.5 | 311 | 298 | (5) |
| Stephen Crowne | 0-2.5 | 760 | 709 | 15 |
| Cathy Ellis (from July 07) | 0-2.5 | 134 | Information not available | Information not available |
| Brian Hardie (from July 07) | 0-2.5 | 7 | Information not available | Information not available |
| David Hassell | 0-2.5 | 408 | 365 | 24 |
| Patricia Hunt | 0-2.5 | 303 | 268 | 20 |
| Christine Lewis (from 07) | 0-2.5 | 266 | 233 | 20 |
| Stephen Lucey | 0-2.5 | 524 | 460 | 40 |
| Neil McLean | 0-2.5 | 230 | 193 | 23 |
| Richard Pearse (from March 08) | Information not available | Information not available | Information not available | Information not available |
| Colin Penfold (from July 07) | 0-2.5 | 20 | 10 | 6 |
| Vanessa Pittard | 0-2.5 | 31 | 18 | 13 |
| Tony Richardson | 0-2.5 | 41 | 20 | 14 |
| Paul Shoesmith (from July 07) | 0-2.5 | 245 | 208 | 26 |
| Mark Wallbank (from July 07) | 0-2.5 | 44 | 32 | 7 |
| Jane Williams (from April 07) | 0-2.5 | 19 | Information not available | Information not available |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
TRUSTEES' ANNUAL REPORT (continued)
31 March 2008

Audited section of the Remuneration Report (continued)

Pension benefits (continued)

| | 2008 | | 2007 | |
|--------------------------------|--|---------------------------------|--|---------------------------------|
| | Total accrued pension at retirement £'000 | Lump sum at retirement £'000 | Total accrued pension at retirement £'000 | Lump sum at retirement £'000 |
| Ian Adams | 20-25 | 0-5 | Information not available | |
| Peter Avis | 25-30 | 80-85 | Information not available | |
| Mike Briscoe (from July 07) | 30-35 | 75-80 | Information not available | |
| Alan Cowie | 30-35 | 65-70 | Information not available | |
| Stephen Crowne | 65-70 | 145-150 | 15-20 | 50-55 |
| Cathy Ellis (from July 07) | 5-10 | 20-25 | Information not available | |
| Brian Hardie (from July 07) | 10-15 | 0-5 | Information not available | |
| David Hassell | 30-35 | 75-80 | 30-35 | 90-95 |
| Patricia Hunt | 15-20 | 50-55 | 15-20 | 45-50 |
| Christine Lewis (from July 07) | 20-25 | 45-50 | Information not available | |
| Stephen Lucey | 45-50 | 105-110 | 45-50 | 140-145 |
| Neil McLean | 20-25 | 40-45 | 20-25 | 70-75 |
| Richard Pearse (from March 08) | Information not available | | | |
| Colin Penfold (from July 07) | 10-15 | 0-5 | Information not available | |
| Vanessa Pittard | 0-5 | 5-10 | Information not available | |
| Tony Richardson | 5-10 | 5-10 | 5-10 | 25-30 |
| Paul Shoesmith (from July 07) | 25-30 | 50-55 | Information not available | |
| Mark Wallbank (from July 07) | 10-15 | 15-20 | Information not available | |
| Jane Williams (from April 07) | 10-15 | 15-20 | 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 audit arrangements for 2008-09 will change with the National Audit Office (NAO) taking over responsibility for the audit of Becta's Annual Accounts. Details of how this arrangement will operate are still to be finalised.

On behalf of the board

Andrew Pinder
Chairman

Millburn Hill Road
Science Park
Coventry
CV4 7JJ

17 July 2008

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
STATEMENT OF RESPONSIBILITIES OF THE BOARD AND THE ACCOUNTING
OFFICER

31 March 2008

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.

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
STATEMENT ON THE SYSTEM OF INTERNAL CONTROL
31 March 2008

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 2008 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 Executive.

4. The risk and control framework

The Audit Committee, which met four times during 2007-08, 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 have been regularly updated on developments relating to 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 (continued)
31 March 2008

For the coming year Becta will be undertaking a review of its current financial, operation and information policies and systems. Key areas of focus will be;

- To reduce the manual elements of the procure-to-pay process and identify effective automated systems, supported by appropriate delegated limits and workflow.
- To revise procurement policies to reflect the changing structures and focus of Becta, to align with Best Practice and Government Accounting Requirements.
- To ensure the integrity of sensitive and other business critical information held by Becta and ensure that the recommendations of the Hannigan report are implemented. Work on this has started and during 2007-08 a programme of Laptop Encryption was implemented that saw all Becta issued Laptops made secure.

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;
- Remuneration Committee, which meets at least once per year to consider and agree proposals from the Chairman about the remuneration of senior Becta staff;
- 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 Performance and Planning Office and Business Delivery and Organisational Development 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

17 July 2008

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY

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 28 and 29 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
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 2008 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
St Philips Point
Temple Row
Birmingham
B2 5AF

17 July 2008

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND
EXPENDITURE ACCOUNT)
for the year ended 31 March 2008

| | Note | Unrestricted funds £ | Restricted funds £ | Total 2008 £ | Total 2007 (restated) £ |
|--|------|----------------------------|--------------------------|--------------------|----------------------------------|
| Incoming resources from generated funds | | | | | |
| Voluntary income | | | | | |
| - DCSF Grant in aid | | - | 10,459,000 | 10,459,000 | 11,100,000 |
| - DCSF and other government grants | | - | 27,935,329 | 27,935,329 | 19,174,538 |
| Investment income | 4 | 86,133 | - | 86,133 | 62,737 |
| Incoming resources from charitable activities | | | | | |
| | | 123,991 | 101,500 | 225,491 | 3,280,029 |
| Total incoming resources | | | | | |
| | | 210,124 | 38,495,829 | 38,705,953 | 33,617,304 |
| Resources expended | | | | | |
| Charitable activities: | | | | | |
| Educational projects | 2 | 190,234 | 38,595,316 | 38,785,550 | 33,543,733 |
| Governance costs | 2 | - | 108,878 | 108,878 | 113,526 |
| Total resources expended | | | | | |
| | 2 | 190,234 | 38,704,194 | 38,894,428 | 33,657,259 |
| Pension finance (income)/costs | 14 | - | (31,000) | (31,000) | 26,000 |
| Notional cost of capital | | - | (14,256) | (14,256) | (59,131) |
| Total resources expended including pension finance and notional costs | | | | | |
| | | 190,234 | 38,658,938 | 38,849,172 | 33,624,128 |
| Net outgoing resources for the year including notional costs before other recognised gains and losses | | | | | |
| | | 19,890 | (163,109) | (143,219) | (6,824) |
| Actuarial gains on defined benefit pension scheme | 14 | - | 1,539,000 | 1,539,000 | 1,235,000 |
| Reversal of notional cost of capital | | - | (14,256) | (14,256) | (59,131) |
| Net movement in funds | | | | | |
| | | 19,890 | 1,361,635 | 1,381,525 | 1,169,045 |
| Fund balances brought forward – as originally stated | | | | | |
| | | 881,556 | (1,989,244) | (1,107,688) | (2,271,246) |
| Prior year adjustment (note 17) | | - | (275,534) | (275,534) | (281,021) |
| Fund balances brought forward – as restated | | | | | |
| | | 881,556 | (2,264,778) | (1,383,222) | (2,552,267) |
| Fund balances carried forward at 31 March 2008 | | | | | |
| | | 901,446 | (903,143) | (1,697) | (1,383,222) |

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 2008

| | | 2008 | | 2007 (restated) | |
|--|------|-------------|-------------|--------------------|-------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 5 | | 531,503 | | 828,478 |
| Current assets | | | | | |
| Debtors | 6 | 618,347 | | 2,223,800 | |
| Cash at bank and in hand | | 7,391,974 | | 3,819,449 | |
| | | | | | |
| | | | 8,010,321 | | 6,043,249 |
| Creditors: amounts falling due within one year | 7 | (5,920,569) | | (4,046,415) | |
| | | | | | |
| Net current assets | | | 2,089,752 | | 1,996,834 |
| Provision for liabilities and charges | 13 | | (269,952) | | (275,534) |
| | | | | | |
| Net assets excluding pension scheme liability | | | 2,351,303 | | 2,549,778 |
| Defined benefit pension scheme liability | 14 | | (2,353,000) | | (3,933,000) |
| | | | | | |
| Net assets/(liabilities) including pension scheme liability | | | (1,697) | | (1,383,222) |
| | | | | | |
| Funds: | | | | | |
| Restricted funds: | | | | | |
| - excluding pension | 9 | | 1,449,857 | | 1,668,222 |
| - defined benefit pension | 9 | | (2,353,000) | | (3,933,000) |
| | | | | | |
| | | | (903,143) | | (2,264,778) |
| Unrestricted funds: | | | | | |
| - designated funds | 10 | | 646,667 | | 654,795 |
| - other charitable funds | | | 254,779 | | 226,761 |
| | | | | | |
| | | | (1,697) | | (1,383,222) |

The financial statements on pages 31 to 50 were approved by the board and authorised for issue on 17 July 2008 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 2008

| | Note | 2008 £ | 2007 £ |
|---|------|-------------|-------------|
| Net cash inflow from operating activities | (i) | 3,486,392 | 689,975 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 86,133 | 62,737 |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | - | (314,343) |
| | | <hr/> | <hr/> |
| Increase in cash | (ii) | 3,572,525 | 438,369 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Notes to cash flow statement

| | 2008 £ | 2007 (restated) £ | |
|--|-------------------------|-------------------------|--------------------------|
| (i) Reconciliation of changes in resources to net cash inflow from operating activities | | | |
| Changes in resources (per SOFA) | 1,381,525 | 1,169,045 | |
| Interest received | (86,133) | (62,737) | |
| Depreciation | 296,975 | 385,175 | |
| Loss on disposal of fixed assets | - | 7,182 | |
| Decrease in debtors | 1,605,453 | 1,562,622 | |
| Increase/(decrease) in creditors | 1,874,154 | (1,246,825) | |
| Decrease in provisions | (5,582) | (5,487) | |
| Decrease in defined benefit pension scheme deficit | (1,580,000) | (1,119,000) | |
| | <hr/> | <hr/> | |
| Net cash inflow from operating activities | 3,486,392 | 689,975 | |
| | <hr/> <hr/> | <hr/> <hr/> | |
| | 2008 £ | 2007 £ | |
| (ii) Reconciliation of net cash flow to movement in net funds | | | |
| Increase in cash in the year | 3,572,525 | 438,369 | |
| Net funds at 1 April 2007 | 3,819,449 | 3,381,080 | |
| | <hr/> | <hr/> | |
| Net funds at 31 March 2008, being cash at bank and in hand | 7,391,974 | 3,819,449 | |
| | <hr/> <hr/> | <hr/> <hr/> | |
| (iii) Analysis of net funds | At 1 April 2007 £ | Cashflow £ | At 31 March 2008 £ |
| Cash at bank and in hand | 3,819,449 | 3,572,525 | 7,391,974 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
ACCOUNTING POLICIES
31 March 2008

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 2008-09, 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 £2,500 or where an asset forms part of a larger group that in total is more than £2,500.

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:

| | |
|---------------------------|----------------------|
| Short leasehold buildings | over period of lease |
| Furniture | over 10 years |
| Equipment | over 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 (LPFA) Scheme.

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 the LPFA defined benefit scheme 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.

The LPFA 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.

The LPFA defined benefit scheme is 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 2008

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

| | 2008 | 2007 |
|---|-------------|-------------------|
| | £ | (restated) |
| | | £ |
| Costs directly allocated to educational projects | | |
| Staff costs | 14,261,884 | 12,206,689 |
| Project and programme costs | 15,330,273 | 16,921,741 |
| Grants to institutions (note 2.5) | 3,956,519 | 608,931 |
| Depreciation | 266,183 | 325,781 |
| | <hr/> | <hr/> |
| | 33,814,859 | 30,063,142 |
| | <hr/> | <hr/> |
| Support costs allocated to activities | | |
| Staff costs | 2,407,543 | 2,225,435 |
| Corporate overheads | 2,532,356 | 1,195,762 |
| Depreciation | 30,792 | 59,394 |
| | <hr/> | <hr/> |
| | 4,970,691 | 3,480,591 |
| | <hr/> | <hr/> |
| Total | 38,785,550 | 33,543,733 |
| | <hr/> | <hr/> |
| Governance costs | | |
| Board costs | 58,809 | 61,478 |
| Audit | 50,039 | 49,447 |
| Legal | 30 | 2,601 |
| | <hr/> | <hr/> |
| | 108,878 | 113,526 |
| | <hr/> | <hr/> |
| Total resources expended | 38,894,428 | 33,657,259 |
| | <hr/> <hr/> | <hr/> <hr/> |

The increase in Corporate Overheads costs in 2007-08 reflects a change in allocation. In previous years an allocation of costs was made to programme costs so the expenditure was matched to the funding stream for these costs. However for 2007-08 all overheads costs have been identified separately to provide more clarity on the cost of Corporate Overheads within Becta.

2.1 Staff costs

| | | |
|--------------------------------------|-------------|-------------|
| Wages and salaries | 7,516,901 | 6,538,716 |
| Social security costs | 611,735 | 569,891 |
| Agency, temporary and contract staff | 7,060,391 | 6,272,745 |
| Current service pension costs | 814,000 | 824,000 |
| Other pension costs | 666,400 | 226,772 |
| | <hr/> | <hr/> |
| | 16,669,427 | 14,432,124 |
| | <hr/> <hr/> | <hr/> <hr/> |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

2 Analysis of total resources expended (continued)

| 2.2 Average number of employees | 2008 Number | 2007 Number |
|---|------------------------|------------------------|
| The average number of persons employed by the company (excluding members of the board) was: | | |
| Professional staff | 110 | 117 |
| Administrative and technical support staff | 70 | 77 |
| Agency, temporary and contracted staff | 81 | 77 |
| | <hr/> | <hr/> |
| | 261 | 271 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Full time equivalent | 270 | 262 |
| | <hr/> <hr/> | <hr/> <hr/> |

2.3 Board

The Chairman received £30,000 (2007: £30,000). The Chairman of the Audit Committee receives an annual payment of £5,000 but received £10,000 in the year which related to both 2008 and 2007. No other member of the board received remuneration from the company. Authority to pay the Chairman's remuneration is given under the Memorandum and Articles of Association and agreed with the Charity Commission.

Expenses of £4,567 (2007: £2,797) were reimbursed to 4 (2007: 4) members of the board during the year in respect of travel and other business costs.

| 2.4 Chief Executive and higher paid employees | 2008 £ | 2007 £ |
|---|-------------------|-------------------|
| The remuneration of the Chief Executive, who is not a member of the board, was: | | |
| Salary | 220,684 | 107,810 |
| Employers pension contributions | 14,467 | 11,232 |
| | <hr/> | <hr/> |
| Total | 235,151 | 119,042 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Chief Executive is an ordinary member of the LPFA Pension Scheme.

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

| | Number | Number |
|---------------------|---------------|---------------|
| £60,000 - £69,999 | 6 | 4 |
| £70,000 - £79,999 | 1 | - |
| £80,000 - £89,999 | - | 2 |
| £90,000 - £99,999 | 1 | - |
| £100,000 - £109,999 | 4 | 2 |
| £110,000 - £119,999 | 1 | - |
| £220,000- £229,999 | 1 | - |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

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 2008 | Salary including benefits in bands £'000 | Real increase in pension £'000 | CETV at 31 March 2008 £'000 | CETV at 31 March 2007 £'000 | Real increase in CETV after adjustment for inflation in market investment factors £'000 |
|-----------------|-------------------------------|--|--|--------------------------------------|--------------------------------------|--|
| Ian Adams | 41 | 100-105 | 0-2.5 | 11 | 2 | 4 |
| Peter Avis | 58 | 70-75 | 0-2.5 | 453 | 417 | 36 |
| Mike Briscoe | 51 | 60-65 | 0-2.5 | 409 | 366 | 25 |
| Alan Cowie | 49 | 105-110 | 0-2.5 | 311 | 298 | (5) |
| Stephen Crowne | 50 | 220-225 | 0-2.5 | 760 | 709 | 15 |
| Cathy Ellis | 51 | 50-55 | 0-2.5 | 134 | Information Not Available | Information Not Available |
| Brian Hardie | 46 | 45-50 | 0-2.5 | 7 | Information Not Available | Information Not Available |
| David Hassell | 52 | 65-70 | 0-2.5 | 408 | 365 | 24 |
| Patricia Hunt | 63 | 65-70 | 0-2.5 | 303 | 268 | 20 |
| Christine Lewis | 53 | 60-65 | 0-2.5 | 266 | 233 | 20 |
| Stephen Lucey | 49 | 95-100 | 0-2.5 | 524 | 460 | 40 |
| Neil McLean | 52 | 100-105 | 0-2.5 | 230 | 193 | 23 |
| Richard Pearse | 53 | 0-5 | Information Not Available | Information Not Available | Information Not Available | Information Not Available |
| Coli Penfold | 46 | 60-65 | 0-2.5 | 20 | 10 | 6 |
| Vanessa Pittard | 44 | 65-70 | 0-2.5 | 31 | 18 | 13 |
| Tony Richardson | 55 | 105-110 | 0-2.5 | 41 | 20 | 14 |
| Paul Shoesmith | 47 | 50-55 | 0-2.5 | 245 | 208 | 26 |
| Mark Wallbank | 47 | 50-55 | 0-2.5 | 44 | 32 | 7 |
| Jane Williams | 54 | 110-115 | 0-2.5 | 19 | Information Not Available | Information Not Available |

Benefits in kind were less than £7,000 per person.

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| 2.5 Grants to institutions | 2008 | 2007 |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| Private Bodies: | | |
| Advisory Matters Limited | 2,500 | - |
| Association for Science Education | 23,000 | - |
| Birmingham e-learning Foundation | 38,000 | - |
| CEA@ Islington | 6,600 | - |
| 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 |
| East of England Broadband Network | 96,350 | - |
| eLearning matters | - | 16,500 |
| Future Lab Education | - | 11,750 |
| JISC Content Procurement Co. Limited | 183,805 | - |
| London Grid for Learning | 205,625 | - |
| The Learning Trust | 750 | - |
| NAACE Charity | 18,000 | - |
| NIACE | 154,727 | - |
| NIAS | 12,530 | - |
| Northern Grid for Learning | 54,198 | - |
| Open Zone City Learning Centre | 2,500 | - |
| Parkside Unit | 8,000 | - |
| Royal Geographical Society | 26,000 | - |
| Serco Limited | 24,175 | - |
| Specialist Schools & Academics Trust | 84,375 | - |
| South West Grid for Learning | 133,010 | - |
| Support for Education Training | - | 2,500 |
| YHGFL Foundation | 49,644 | - |
| | <hr/> | <hr/> |
| | 1,123,789 | 170,987 |
| | <hr/> <hr/> | <hr/> <hr/> |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| 2.5 | Grants to institutions (continued) | 2008 | 2007 |
|-----|---------------------------------------|---------|--------|
| | | £ | £ |
| | Public Bodies | | |
| | Arrow Vale Community High School | 25,276 | - |
| | Association of Colleges Management | 61,100 | 3,525 |
| | Barnsley Academy | 44,312 | - |
| | Barnsley MBC | 2,200 | - |
| | Bath & North East Somerset Council | 6,300 | - |
| | Bedlingtonshire Community High School | 24,122 | - |
| | Bedfordshire County Council | 6,600 | - |
| | Bexley Council | 5,000 | - |
| | Birmingham City Council | 14,500 | - |
| | Birchensale Middle School | 16,905 | - |
| | Birmingham North City Learning | 750 | - |
| | Bishop's Stortford Council | 8,000 | - |
| | Blackburn & Darwen Council | 7,600 | - |
| | Blackpool Council | 8,800 | - |
| | Bolton MBC | - | 5,000 |
| | Bournemouth Council | 6,600 | - |
| | Bracknell Forest Council | 80,808 | - |
| | Bristol City Council | 22,000 | - |
| | Brighton & Hove City Council | 8,600 | - |
| | Broadgreen High School | 8,000 | - |
| | Broad Oak High School | 35,995 | - |
| | Brooksby Melton College | - | 11,000 |
| | Buckinghamshire County Council | 1,500 | - |
| | Burnt Mill School | 19,372 | - |
| | Bury MBC | 5,697 | - |
| | Caerphilly Borough Council | 4,113 | - |
| | Calderdale Council | 2,500 | - |
| | Cambridgeshire County Council | 18,375 | 17,000 |
| | Chadsgrove School | 49,843 | - |
| | Cheshire County Council | 6,400 | - |
| | City College Plymouth | - | 11,500 |
| | City Lit | - | 11,500 |
| | City of Salford | - | 9,250 |
| | City of York Council | 5,345 | - |
| | City of Westminster | 2,200 | - |
| | Cornwall County Council | 3,200 | - |
| | Coventry City Council | 12,000 | - |
| | Croydon Council | 11,000 | - |
| | Cumbria County Council | 8,800 | - |
| | Dartford Technology College | 8,000 | - |
| | Darlington Council | 6,600 | - |
| | De La Salle School | 17,640 | - |
| | Derbyshire County Council | 20,050 | - |
| | Devon County Council | 13,850 | - |
| | Doncaster College | - | 11,500 |
| | Doncaster MBC | 2,200 | - |
| | Dorset County Council | 2,200 | 2,500 |
| | Dudley MBC | 8,800 | - |
| | Durham County Council | 8,800 | - |
| | Dyke House School | 2,500 | - |
| | | ----- | ----- |
| | Total carried forward | 634,453 | 82,775 |
| | | ----- | ----- |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| 2.5 Grants to institutions (continued) | 2008 | 2007 |
|---|-------------|-------------|
| | £ | £ |
| Public Bodies (continued) | | |
| Total brought forward | 634,453 | 82,775 |
| East Riding of Yorkshire Council | 8,485 | - |
| East Sussex County Council | 9,400 | - |
| Eccles College | - | 11,500 |
| Essex County Council | 45,900 | - |
| Foulstone Council | 750 | - |
| Frank Wise School | - | 6,300 |
| Gateshead Council | 8,800 | - |
| General Teaching Council | 75,000 | - |
| Gloucestershire County Council | 13,300 | - |
| Goldsmiths College | 680,000 | - |
| Greenwich Council | 12,000 | - |
| Greenwich Community College | - | 11,500 |
| Halton Council | 2,200 | - |
| Hampshire County Council | 49,950 | - |
| Haringay Council | 2,200 | 2,500 |
| Havering Sixth Form College | - | 11,500 |
| Herefordshire Council | 2,200 | - |
| Hertfordshire County Council | 18,700 | - |
| Higher Education Funding Council | 34,088 | - |
| Hindley Community High School | 8,000 | - |
| Hounslow Manor School | 2,500 | - |
| Hull City Council | 17,400 | - |
| Isle of White Council | 10,600 | - |
| Kent County Council | 31,500 | - |
| Kingsbridge Community College | 8,000 | - |
| King Edmund School | 31,043 | - |
| Kingston College | - | 11,500 |
| Kirklees Council | 12,000 | - |
| Knowsley MBC | 13,200 | - |
| Lancashire County Council | 43,281 | 15,000 |
| Leeds City Council | 37,735 | - |
| Leicestershire County Council | 26,650 | - |
| Leicester City Council | 8,800 | - |
| Lincolnshire County Council | 4,400 | 10,000 |
| Liverpool County Council | 26,400 | - |
| London Borough of Barking | 1,000 | - |
| London Borough of Barnet | - | 5,000 |
| London Borough of Bromley | 8,800 | - |
| London Borough of Camden | 4,180 | - |
| London Borough of Ealing | 750 | - |
| London Borough of Havering | 4,400 | 2,500 |
| London Borough of Hillingdon | 13,000 | - |
| London Borough of Kingston on Thames | 2,200 | - |
| London Borough of Lambeth | 1,000 | - |
| London Borough of Newham | - | 2,500 |
| London Borough of Sutton | 2,200 | - |
| London Borough of Tower Hamlets | 4,400 | - |
| Longcroft School & Arts College | 8,000 | - |
| | <hr/> | <hr/> |
| Total carried forward | 1,928,865 | 172,575 |
| | <hr/> | <hr/> |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| 2.5 | Grants to institutions (continued) | 2008 | 2007 |
|-----|--------------------------------------|-----------|---------|
| | | £ | £ |
| | Public Bodies (continued) | | |
| | Total brought forward | 1,928,865 | 172,575 |
| | Manchester City Council | 21,800 | - |
| | Medway Council | 4,400 | - |
| | Middlesbrough Council | 2,200 | - |
| | Miltoncross School | 16,440 | - |
| | Milton Keynes Council | 2,200 | - |
| | Newcastle City Council | 22,600 | - |
| | Newnham College of Further Education | - | 11,500 |
| | North Devon College | - | 11,500 |
| | Northern College | - | 11,500 |
| | North Somerset Council | 2,200 | - |
| | North Lincolnshire Council | 10,150 | - |
| | North Tyneside Council | 8,800 | - |
| | North Yorkshire County Council | 3,200 | - |
| | Northumberland County Council | 17,800 | - |
| | Northamptonshire County Council | 20,800 | - |
| | Norfolk County Council | 21,420 | - |
| | North East Lincolnshire Council | 6,600 | - |
| | Nottingham City Council | 15,400 | - |
| | Nottingham County Council | 17,400 | - |
| | Nottingham Trent University | - | 5,875 |
| | Oatridge College | - | 22,000 |
| | Oldham MBC | 5,400 | - |
| | Oxford County Council | 4,000 | 2,500 |
| | Park Community School | 40,134 | - |
| | Peterborough City Council | 6,400 | - |
| | Plymouth City Council | 6,600 | - |
| | Portsmouth City Council | 10,800 | 2,300 |
| | Redcar & Cleveland Council | 5,150 | - |
| | Rochdale MBC | 4,400 | - |
| | Rotherham MBC | 9,705 | - |
| | Royal Borough of Windsor | 9,000 | - |
| | Salford City Council | 9,550 | - |
| | Sandwell MBC | 17,600 | - |
| | Sefton MBC | 2,000 | - |
| | Sheffield Hallam University | 5,065 | - |
| | Sheffield City Council | 18,625 | - |
| | Sheffield East Council | 750 | - |
| | Shireland Language College | 1,500 | - |
| | Shropshire County Council | 25,200 | 3,200 |
| | Somerset County Council | 6,600 | - |
| | Southend Council | 5,400 | - |
| | Southampton City Council | 23,400 | - |
| | Southwark Council | 2,200 | 2,210 |
| | South Tyneside Council | 6,600 | - |
| | South Gloucestershire Council | 1,000 | - |
| | Staffordshire County Council | 5,200 | - |
| | Staunton Community Sports School | 18,914 | - |
| | St Bridgets Catholic Primary School | 16,700 | - |
| | St Helens Council | 7,600 | - |
| | Total carried forward | 2,397,768 | 245,160 |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| 2.5 Grants to institutions (continued) | 2008 | 2007 |
|--|-------------|-------------|
| | £ | £ |
| Public Bodies (continued) | | |
| Total brought forward | 2,397,768 | 245,160 |
| Stoke on Trent City Council | 8,100 | - |
| Stockport College | - | 11,500 |
| Stockton on Tees Council | 94,344 | - |
| Stroud College | - | 11,500 |
| Suffolk County Council | 11,000 | - |
| Surrey County Council | 2,200 | - |
| Sunderland City Council | 16,700 | - |
| Swindon Council | 451 | - |
| Tameside MBC | 11,000 | - |
| Telford & Wrekin Council | 6,600 | - |
| Testwood Sports College | 13,766 | - |
| Thanet College | - | 11,500 |
| The Open University | - | 20,000 |
| The Innovation Trust | 8,000 | - |
| Thurrock Council | 2,761 | - |
| Torbay Council | 8,800 | - |
| Trafford MBC | 3,200 | 5,000 |
| Trinity High School | 34,940 | - |
| University of Bedfordshire | - | 16,348 |
| University of Bristol | 20,200 | - |
| 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 |
| Wakefield MDC | 6,600 | - |
| Wandsworth Council | 4,400 | - |
| Warrington Council | 4,400 | - |
| Warren Comprehensive School | 2,000 | - |
| Warwickshire County Council | - | 14,000 |
| West Sussex County Council | - | 3,550 |
| Westwood School | 8,000 | - |
| Wigan Council | 12,750 | - |
| Wiltshire Council | 6,300 | - |
| Wirral Council | 15,400 | - |
| Wokingham Council | 14,950 | - |
| Wolverhampton City Council | 107,100 | - |
| Worcestershire County Council | 11,000 | 2,500 |
| | <hr/> | <hr/> |
| | 2,832,730 | 437,944 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total grants | 3,956,519 | 608,931 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Grants to institutes are paid on behalf of the DCSF. | | |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| | | | |
|----------|----------------------------------|-------------------|-------------------|
| 3 | Other costs | 2008 | 2007 |
| | | £ | £ |
| | Other costs include: | | |
| | Auditors' remuneration for | | |
| | - Audit | 20,000 | 18,950 |
| | - Other services | 7,181 | 12,024 |
| | Internal auditors remuneration | 22,858 | 18,708 |
| | Operating leases - rent payable | 663,600 | 627,251 |
| | Depreciation | 296,975 | 385,175 |
| | Loss on disposal of fixed assets | - | 7,182 |
| | Exceptional costs | 907,373 | - |
| | | <u> </u> | <u> </u> |

Included in staffing costs is an amount of £907,373 relating to severance payments to former employees who were made redundant as a result of Becta's reorganisation in the year, and pension payments made to the administering funds associated with those redundancies.

| | | | |
|----------|----------------------------------|-------------------|-------------------|
| 4 | Investment income | 2008 | 2007 |
| | | £ | £ |
| | Bank deposit interest receivable | 86,133 | 62,737 |
| | | <u> </u> | <u> </u> |

| | | | | | |
|----------|------------------------------|-------------------|------------------------|------------------------|-------------------|
| 5 | Tangible fixed assets | | | | |
| | | Short | General | Projects | Total |
| | | leasehold | furniture & | department | |
| | | buildings | equipment | furniture & | |
| | | £ | £ | £ | £ |
| | Cost | | | | |
| | 31 March 2007 | 268,262 | 3,763,846 | 246,868 | 4,278,976 |
| | Disposals | - | (114,290) | - | (114,290) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 31 March 2008 | 268,262 | 3,649,556 | 246,868 | 4,164,686 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Depreciation | | | | |
| | 31 March 2007 | 150,220 | 3,068,205 | 232,073 | 3,450,498 |
| | Charge for the year | 10,730 | 278,117 | 8,128 | 296,975 |
| | Disposals | - | (114,290) | - | (114,290) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 31 March 2008 | 160,950 | 3,232,032 | 240,201 | 3,633,183 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Net book value | | | | |
| | 31 March 2008 | 107,312 | 417,524 | 6,667 | 531,503 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 31 March 2007 | 118,042 | 695,641 | 14,795 | 828,478 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

| | 2008 | 2007 |
|---|-------------|-------------|
| | £ | £ |
| 6 Debtors | | |
| Trade debtors | 14,215 | 5,557 |
| Central government bodies | 360,000 | 2,026,981 |
| Prepayments | 243,073 | 83,917 |
| Other debtors | 1,059 | 107,345 |
| | <hr/> | <hr/> |
| | 618,347 | 2,223,800 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 7 Creditors: amounts falling due within one year | | |
| Trade creditors | 5,170,583 | 3,387,562 |
| Central government bodies | 110,633 | - |
| Local authorities | 307,903 | 290,274 |
| Other taxation and social security | 237,680 | 248,473 |
| Other creditors | 2,745 | 23,019 |
| Accruals | 20,000 | 19,550 |
| Deferred income (note 8) | 71,025 | 77,537 |
| | <hr/> | <hr/> |
| | 5,920,569 | 4,046,415 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 8 Deferred income | | |
| Balance at 1 April 2007 | 77,537 | 315,396 |
| Amount released to incoming resources | (55,311) | (315,396) |
| Amount deferred in the year | 48,799 | 77,537 |
| | <hr/> | <hr/> |
| Balance at 31 March 2008 | 71,025 | 77,537 |
| | <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 2008

9 Restricted funds

| | Balance 31 March 2007 £ | Movement in funds | | Balance 31 March 2008 £ |
|--|--|-------------------------------------|--|--|
| | | Incoming resources £ | Expenditure gains, losses & transfers £ | |
| DCSF capital funds | 100,000 | - | - | 100,000 |
| Capital expenditure | 813,683 | - | (288,847) | 524,836 |
| Provisions for liabilities and charges | (275,534) | - | 5,582 | (269,952) |
| Grant in aid and other revenue grants | - | 38,394,329 | (38,394,329) | - |
| Becta managing agency funds | 1,030,073 | 101,500 | (36,600) | 1,094,973 |
| Deficit on defined benefit pension | (3,933,000) | - | 1,580,000 | (2,353,000) |
| | <u>(2,264,778)</u> | <u>38,495,829</u> | <u>(37,134,194)</u> | <u>(903,143)</u> |

DCSF capital fund was provided to finance working capital.

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

Provisions & Liabilities relates to former employees who took early retirement for who Becta will make compensatory payments to the pension scheme over the remainder of the former employee's lives.

Grant in aid and other revenue 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.

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

Prior Year Adjustment

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|-------------------------------------|-----------------------------------|------------------------------|
| Balance at 31 March 2006 – as originally stated | 876,062 | (3,147,308) | (2,271,246) |
| Prior year adjustment – see note 13 and 17 | - | (281,021) | (281,021) |
| | <u>876,062</u> | <u>(3,428,329)</u> | <u>(2,552,267)</u> |
| Balance at 31 March 2006 re-stated | 876,062 | (3,428,329) | (2,552,267) |
| Net movement in funds 2007 | 5,494 | 1,163,551 | 1,169,045 |
| | <u>881,556</u> | <u>(2,264,778)</u> | <u>(1,383,222)</u> |
| Balance at 31 March 2007 | 881,556 | (2,264,778) | (1,383,222) |
| Net movement in funds 2008 | 19,890 | 1,361,635 | 1,381,525 |
| | <u>901,446</u> | <u>(903,143)</u> | <u>(1,697)</u> |
| Balance at 31 March 2008 | 901,446 | (903,143) | (1,697) |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

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.

| | Balance 31 March 2007 £ | Movement in funds £ | Balance 31 March 2008 £ |
|------------------|--|------------------------------------|--|
| Company projects | | | |
| - revenue | 640,000 | - | 640,000 |
| - capital | 14,795 | (8,128) | 6,667 |
| | <hr/> | <hr/> | <hr/> |
| | 654,795 | (8,128) | 646,667 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|-------------------------------------|-----------------------------------|------------------------------|
| Fund balances at 31 March 2008 are represented by: | | | |
| Tangible fixed assets | 6,667 | 524,836 | 531,503 |
| Current assets | 894,779 | 7,115,542 | 8,010,321 |
| Current liabilities | - | (5,920,569) | (5,920,569) |
| Provisions for liabilities and charges | - | (269,952) | (269,952) |
| Pension liabilities | - | (2,353,000) | (2,353,000) |
| | <hr/> | <hr/> | <hr/> |
| Total net assets/(liabilities) | 901,446 | (903,143) | (1,697) |
| | <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 2008

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 £53,013 (2007: £55,782).

13 Provisions for liabilities and charges

| | £ |
|--|-------------|
| Pension Provision | |
| Provision at 31 March 2007 | 275,534 |
| Release to Statement of Financial Activities | 21,199 |
| Payments in respect of pensions | (26,781) |
| | <hr/> |
| Provisions at 31 March 2008 | 269,952 |
| | <hr/> <hr/> |

Becta currently has an on-going liability in respect of former employees, who are members of the Teachers Pension Fund (TPS), who took early retirement. Becta makes an annual payment to TPS to compensate for the additional costs to the pension fund as the four former employees took retirement without loss of benefit.

Although it is anticipated that the costs of compensation will continue to be fully funded by DCSF, a provision has been made, within Becta's balance sheet, as a prior year adjustment (note 17), to recognise the estimated cost of compensation over the life of the former employees, based on actuarial tables provided by TPS, which on average is 17 years.

Although Becta makes an annual payment to the pension fund in respect of compensation, the amount charged to the SOFA is adjusted to take into account the annual revaluation of the Pension Fund liability.

14 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:

| | Employers | Employees |
|---|------------------|------------------|
| Teachers Pensions Scheme | 14.1% | 6.4% |
| London Pension Funds Authority | 10.7% | 6.0% |
| Total pension cost for the year | | |
| | 31 March | 31 March |
| | 2008 | 2007 |
| | £ | £ |
| Teachers' Pension Scheme : contributions paid | 489,965 | 226,772 |
| London Pension Funds Authority | 814,000 | 824,000 |
| | <hr/> | <hr/> |
| | 1,303,965 | 1,050,772 |
| | <hr/> <hr/> | <hr/> <hr/> |

14 Pensions (continued)

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 | 6.5% per annum |
| Salary scale increases per annum | 5.0% per annum |
| Market value of assets at date of last valuation | £162,650 million |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 98.88% |

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 2008 the employer contribution was 14.1%.

Becta makes compensation payments to TPS in respect of former employees who took early retirement without any loss of retirement benefits. In 2008 the amount paid was £26,781 (2007: £27,185).

This compensatory payment is funded from Grant-in-Aid received from DCSF, and whilst it is anticipated that funding will continue to be received in respect of the on-going cost to Becta, a provision has been made in the balance sheet to reflect this liability.

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.

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

14 Pensions (continued)

The London Pension 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 2008.

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

| | 31 March 2008 | 31 March 2007 | 31 March 2006 |
|-------------------|----------------------|----------------------|----------------------|
| | % p.a. | % p.a. | % p.a. |
| Price increases | 3.6% | 3.2% | 3.1% |
| Salary increases | 5.1% | 4.7% | 4.6% |
| Pension increases | 3.6% | 3.2% | 3.1% |
| Discount rate | 6.9% | 5.4% | 4.9% |

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

| | Long term expected return 2008 | Long term expected return 2007 | Long term expected return 2006 |
|----------|---|---|---|
| Equities | 7.5% | 7.7% | 7.3% |
| Bonds | 6.3% | 6.4% | 6.0% |
| Property | 6.7% | 6.8% | 6.5% |
| Cash | 4.8% | 4.9% | 4.6% |
| Total | 7.0% | 7.2% | 6.8% |

| | Fund value at 31 March 2008 £'000 | Fund value at 31 March 2007 £'000 | Fund value at 31 March 2006 £'000 |
|----------|--|--|--|
| Equities | 9,066 | 8,244 | 7,337 |
| Bonds | 2,930 | 2,960 | 2,217 |
| Property | 2,728 | 1,678 | 1,372 |
| Cash | 455 | 355 | 715 |
| Total | 15,179 | 13,237 | 11,641 |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

14 Pensions (continued)

| Net pension liability of company | 31 March 2008 £'000 | 31 March 2007 £'000 | 31 March 2006 £'000 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Estimated employer assets | 15,179 | 13,237 | 11,641 |
| Present value of scheme liabilities | 17,059 | 16,674 | 16,195 |
| Present value of unfunded liabilities | 473 | 496 | 498 |
| Total value of liabilities | 17,532 | 17,170 | 16,693 |
| Net pension liability of company | 2,353 | 3,933 | 5,052 |

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 LPFA scheme.

Revenue account costs

| Analysis of amount charged to statement of financial activities | 31 March 2008 £'000 | 31 March 2008 % of payroll | 31 March 2007 £'000 | 31 March 2007 % of payroll |
|--|------------------------------------|---|------------------------------------|---|
| Amount charged to staff costs | | | | |
| Service cost | 814 | 17.0% | 824 | 19.7% |
| Amount credited to other finance income | | | | |
| Expected return on employer assets | 978 | 20.4% | 810 | 19.3% |
| Interest on pension scheme liabilities | (947) | 19.8% | (836) | (19.9%) |
| Net return | 31 | 0.6% | (26) | (0.6%) |
| Net amount charged to statement of financial activities | 783 | 16.4% | 850 | 20.3% |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

14 Pensions (continued)

| Analysis of amount recognised in statement of financial activities (SOFA) | 31 March 2008 £'000 | 31 March 2007 £'000 |
|---|--------------------------------|--------------------------------|
| Actual return less expected return on pension scheme assets | (1,263) | 115 |
| Experience gains and losses arising on the scheme liabilities | 96 | (20) |
| Changes in financial assumptions underlying the present value of the scheme liabilities | 2,706 | 1,140 |
| | <hr/> | <hr/> |
| Actuarial gain recognised in the SOFA | 1,539 | 1,235 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 31 March 2008 £'000 | 31 March 2007 £'000 |
| Movement in deficit during the year | | |
| Deficit at beginning of the year | (3,933) | (5,052) |
| Current service cost | (814) | (824) |
| Employer contributions | 796 | 706 |
| Contribution in respect of unfunded benefits | 28 | 28 |
| Net return on assets and liabilities | 31 | (26) |
| Actuarial gains | 1,539 | 1,235 |
| | <hr/> | <hr/> |
| Deficit at year end | (2,353) | (3,933) |
| | <hr/> <hr/> | <hr/> <hr/> |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

14 Pensions (continued)

History of experience gains and losses

| | 31 March 2008 £'000 | 31 March 2007 £'000 | 31 March 2006 £'000 | 31 March 2005 £'000 | 31 March 2004 £'000 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Difference between the expected and actual return on assets | (1,263) | 115 | 1,483 | 244 | 875 |
| Value of assets | 15,179 | 13,237 | 11,641 | 8,908 | 6,869 |
| Percentage of assets | 8.3% | 0.9% | 12.7% | 2.7% | 12.7% |
| Experience (losses)/ gains on liabilities | 96 | (20) | (8) | 568 | 11 |
| Present value of liabilities | 17,532 | 17,170 | 16,693 | 13,417 | 9,675 |
| Percentage of the present value of liabilities | 0.5% | (0.1%) | (0.0%) | 4.2% | 0.1% |
| Actuarial gains/(losses) recognised in SOFA | 1,539 | 1,235 | (588) | (1,522) | 886 |
| Present value of liabilities | 17,532 | 17,170 | 16,693 | 13,417 | 9,675 |
| Percentage of the present value of liabilities | 8.8% | 7.2% | (3.5%) | (11.3%) | 9.2% |

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

14 Pensions (continued)

Analysis of projected amount to be charged to statement of financial activities for the year to 31 March 2009.

Projected amount charged to statement of financial activities year to 31 March 2009.

| | Year to 31 March 2009 | |
|--|------------------------------|---------------------|
| | £'000 | % of payroll |
| Estimated current service cost | 590 | 11.8% |
| Past service costs | 168 | 3.4% |
| | 758 | 15.2% |
| | 758 | 15.2% |
| Projected amount credited to other finance income | | |
| Expected return on employer assets | 1,096 | 22.0% |
| Interest on pension scheme liabilities | (1,231) | 24.7% |
| | 135 | 2.7% |
| | 135 | 2.7% |
| Estimated net amount charged to statement of financial activities | 893 | 17.9% |

15 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.

An Employee Tribunal has also found against Becta. Currently negotiations are taking place as to the award to be paid to the employee. Therefore whilst negotiations are taking place, and not wishing to prejudice any likely outcome, it is not yet possible to indicate the likely cost to Becta.

16 Taxation

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

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY
NOTES ON FINANCIAL STATEMENTS (continued)
31 March 2008

17 Prior Year Adjustment

In prior years no provision has been made under Financial Reporting Standard 12 – Provisions, Contingent Liabilities and Contingent Assets, for the ongoing liability in respect of former employees, who are members of the Teachers’ Pension Scheme (TPS), who took early retirement. This represents an accounting error in prior years’ accounts and therefore an adjustment has been made to reflect the provision required, which has resulted in adjustments to the following figures:

| | 2008 | 2007 |
|--|-------------------|-------------------|
| | £ | £ |
| Increase in movement in funds | 5,582 | 5,487 |
| | <u> </u> | <u> </u> |
| Increase in provisions for liabilities and charges | 269,952 | 275,534 |
| | <u> </u> | <u> </u> |