Registered Company No. 2090588
Registered Charity No. 297241

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY

(A charitable company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2011

HC 1049

Registered Company No. 2090588
Registered Charity No. 297241

BRITISH EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY AGENCY

(A charitable company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2011

Presented to Parliament pursuant to article 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009.

Ordered by the House of Commons to be printed on 18 July 2011

HC 1049 London: The Stationery Office £10.50

This publication is also available on http://www.official-documents.gov.uk/

ISBN: 9780102972115

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID P002431892 06/11

Printed on paper containing 75% recycled fibre content minimum.

Company details *(as at 31 March 2011)*

Name:	The British Educational Communications and Technology Agency (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:	Graham Badman CBE Rosemary Luckin Lopa Patel MBE Tim Pearson	John Roberts CBE John Newbigin Dame Patricia Bacon Mark Rogers
DfE Assessor:	Dugald Sandeman	
Chief Executive:	Stephen Crowne	
Company Secretary:	Claire Gill	
Auditors:	**External Auditors** Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP	
Other advisors:	**Internal Auditors** Grant Thornton Melton Street Euston Square London NW1 2EP **Liquidators** (appointed 1st April 2011) Mark Wilson and Matthew Wild Baker Tilly Restructuring and Recovery LLP 1st Floor, 46 Clarendon Road Watford, Hertfordshire, WD17 1JJ	

Solicitors:

Bird and Bird LLP 15 Fetter Lane London EC4A 1JP	Archon Solicitors Limited Martin House 5 Martin Lane London EC4R 0DP

Bankers:

Government Banking Service Southern House 7th Floor Wellesley Grove Croydon CR9 1WW	Barclays Bank 25 High Street Coventry CV1 5RE

Introduction from the Chief Executive

On 24 May 2010 Graham Badman, the chair of Becta, received a letter from the Secretary of State for Education informing him that Becta's grant-in-aid funding would not continue past 31 March 2011. The Board subsequently took the decision that it would cease the operations of Becta in an orderly manner over the year to 31 March 2011. Consequently these financial statements reflect Becta's final year of operation

Becta implemented a programme-based approach to achieve closure. With the co-operation of all staff, the commitment of the leadership team, and the flexibility of all, we have delivered a programme which provided an orderly and fair process for staff, and where possible has enabled schools, colleges and children to continue to benefit from the savings and support that Becta has provided.

By the end of February 2011, fourteen functions with thirty-one staff had transferred to the Department for Education (DfE) and three functions comprising nine staff had transferred to the Learning and Skills Improvement Service (LSIS). All staff have been provided with support and training opportunities, equipping them to seek new roles and take forward new opportunities. We have delivered on our commitments, shaped by existing policies, to provide fair and equitable redundancy terms. As well as the services and functions that will continue via DfE and LSIS, we have been able to provide ongoing access to many of Becta's intellectual assets via adoption of the Open Government License. Other assets have been disposed of, where possible, in line with Becta's charitable objects, and in ways which meet the requirements of information security and sustainability.

I am grateful to colleagues who worked, in very challenging circumstances, to ensure that we achieved closure with the reputation of Becta and its role of leading the effective and innovative use of technology intact, so that they may be built upon in the future.

Stephen Crowne
Chief Executive

2011

This annual report and the audited financial statements cover the financial year ended 31 March 2011 for the British Educational Communications and Technology Agency. This is Becta's final annual report and financial statements as the organisation closed on 31 March 2011 and subsequently entered members' voluntary liquidation on 1st April 2011.

This annual report and financial statements has been prepared in accordance with the reporting requirements of the Statement of Recommended Practice (revised 2005), Accounting and Reporting by Charities. It incorporates the management commentary as required under the Government Financial Reporting Manual and it shows how the charity has pursued and delivered against the objectives set out in its business plan 2010-11.

References are to the Department for Education (DfE) or to the (former) Department for Children, Schools and Families (DCSF) as appropriate to time and context.

About the British Educational Communications and Technology Agency

The British Educational Communications and Technology Agency ("Becta") was a non-departmental public body. It was also a company limited by guarantee with charitable status, governed by its Memorandum and Articles of Association and Management Statement (including the Financial Memorandum) with the DCSF.

Becta was established in 1998 through the reconstitution of the National Council for Educational Technology (NCET) to be the Government's lead agency for Information and Communications Technology (ICT) in education, covering the United Kingdom.

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

Becta's formal objects were to enhance the education and training of the people of United Kingdom of Great Britain and Northern Ireland by supporting, encouraging, promoting, evaluating, developing, applying and maintaining the use of systems, techniques, aids, discoveries and inventions conducive to the advancement of education and training and aspects of information technology in all spheres relevant to the needs of education and training of all kinds; and supporting, encouraging and promoting research and innovation and good practice in educational technology. All of Becta's charitable activities were undertaken to further our charitable purposes for the public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

In furthering these objectives we complied with current statutory requirements, the requirements of Becta's governing documents, the financial memorandum, and any administrative requirements for the use of public funds. Our primary relationship was with the Department for Education (DfE) and we also had strong working links with the Department for Business, Innovation and Skills (BIS).

Becta's remit position at closure and details of work that is continuing in DfE can be found at:
http://www.education.gov.uk/schools/adminandfinance/procurement/ict/a0073825/becta

Becta was funded primarily through grant-in-aid received from the DfE.

Structure, governance and management

Board members

During the year the Board consisted of nine trustees together with an assessor nominated by DfE and BIS observers. The Chief Executive was an ex-officio member and the Executive Committee (senior leadership) of Becta also attended Board meetings. During 2010-11 the Board met 10 times, and a sub-committee met in between these meetings to assure and progress the processes and decision making required to achieve closure by 31 March 2011.

Board members were appointed by the Secretary of State for Education. Board members were usually appointed for a term of three years. They were 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. Members of the Board are the trustees of the charity plus the Chief Executive. During the year ended 31 March 2011 the trustees were:

Chairman
Graham Badman CBE

Board

John Roberts CBE	Rosemary Luckin
John Newbigin	Lopa Patel, MBE
Mark Rogers	Tim Pearson
Dame Patricia Bacon	Derek Wise CBE (deceased 16 June 2010)

Each member completed a register of interests. None of the Board members held other company directorships, Board positions or other significant interests which conflicted with their responsibilities as trustees.

Structure of Becta:

Becta was organised into three directorates facing the sectors it worked to support: Children, Schools and Families; Further Education and 14 to 19; and Childrens' Services and Local Government.

These were supported by three cross-cutting directorates: Strategic Technologies; Strategy and Communications; and Business Delivery and Organisational Development

Becta's Executive Committee in 2010-11 comprised:

Stephen Crowne	Chief Executive
Alan Cowie	Executive Director for Business Delivery and Organisational Development
Niel McLean	Executive Director for Children, Schools and Families
Stephen Lucey	Executive Director for Strategic Technologies
Terry Piggott	Executive Director for Childrens' Services and Local Government (secondment ended 30 September 2010)
Tony Richardson	Executive Director for Strategy & Policy
Jane Williams	Executive Director for Further Education and 14 to 19 (employment terminated due to redundancy 31 December 2010)

Remit and Performance

Decision-making and accountability

The strategic direction for Becta was traditionally set at the start of each financial year in a remit letter from the Secretary of State for Education, in agreement with the Secretary of State for Business, Innovation and Skills.

Becta received its remit letter in March 2010, however the new Government came into place on 13 May 2010, and on 24 May 2010 announced its decision to close Becta. A revised business plan was prepared after the cessation of funding announcement which was subsequently signed off by the Secretary of State for Education with a revised remit letter in August 2010. Consequently Becta's decision making and accountability was different for this final year.

Given that Becta's grant-in-aid funding would not continue past 31 March 2011, at its June 2010 meeting Becta's Board (supported by Departmental Assessor agreement) allocated responsibility for the successful closure of Becta to its Chief Executive and Accounting Officer, Stephen Crowne and agreed a formal Transition Programme to manage that closure. The closure programme aimed to develop an orderly and fair process for staff, and ensure that as far as possible schools, colleges and children continue to benefit from the savings and support that Becta has provided[1].

The Chief Executive appointed a Programme Board to manage the overall governance and control of the Transition programme. The Programme Board was chaired by the Programme Executive on his behalf. The Programme Executive, Alan Cowie, took the opinions of the Programme Board and recommended courses of action to the SRO (Senior Responsible Officer). Stephen Crowne remained ultimately responsible for the success of the programme, as detailed in the Programme Brief and Becta Remit Letter. The Programme Board reported using the existing governance arrangements:

- The Becta Board, chaired by Graham Badman, was the Governing Body of Becta and remained accountable to the Secretary of State for Education in England for its work and its closure. Any high level risks and issues that affected its work were escalated from the Chairman to the Secretary of State.
- As members of the company and trustees of the charity, Board members were legally accountable for its orderly closure and took all steps practicable to ensure Becta discharged its legal obligations to third parties.
- The Audit Committee, chaired by John Roberts, oversaw Becta's independent audit and scrutinised Becta's processes and policies.

Core activity during the year

Following the announcement of Becta's closure in May 2010 it was decided that the core activities of the Children, Schools and Families; Further Education and 14 to 19; and Childrens' Services and Local Government directorates would be curtailed with immediate effect and discontinued by the autumn. The focus of the Strategic Technologies directorate was to work with the Programme Board to terminate all framework agreements and contractual obligations in an orderly fashion. The Strategy and Communications directorate focused on managing communication to all stakeholders including an extensive internal communication plan to disseminate information to staff.

---

1 http://webarchive.nationalarchives.gov.uk/20101102103654/http://news.becta.org.uk/display.cfm?resID=42305

Home Access

The 2010-11 year saw the continuation and conclusion of the delivery of the Home Access Programme. The Programme was a Government initiative to help low-income families who lacked access to a computer and/or internet to get online at home, which Becta was selected to deliver. During the year over 184,000 grants were awarded to eligible families.

Risk management

The Transition programme had agreed outputs and a clear governance structure to promote success. Risks to outputs or to the programme more generally were actively managed.

A corporate risk log was developed which was examined by the Board at each meeting. The log encompassed risks derived from the Transition programme which was signed off at the June 2010 Board meeting and the risks continuing from the May 2010 risk log reflecting ongoing business activities.

Risks were managed at project level by the project managers and were managed within project teams or escalated to the Programme Board, and through that mechanism to the Becta Board, with the Becta Board being used as the communications to the Secretary of State.

Risks important enough to transfer from Becta to the Department for Education or another public body were handled through a formal transfer process with the receiving organisation signing off receipt.

Sensitive Data Security

Becta's traditional business did not require it to handle large amounts of sensitive personal data. The Home Access programme however, presented an additional challenge especially with the impending closure of Becta. Within the programme detailed plans and actions were taken to minimise personal data held by Becta, and minimise the risks associated with any data that we did hold. In addition extensive action was also taken with our delivery partners to ensure that their systems and processes were at an appropriate level of protection, verified by external scrutiny. With the closure of the programme processes have been put in place to ensure that personal data which is required to be kept will be transferred to and held by the Department of Education in a suitable manner, in line with the Security Policy Framework.

With the closure of Becta a range of online forums needed to be closed for which limited personal data was held. After taking legal advice the majority of these were closed and any data destroyed. Where some forums were transferred to DfE a consistent approach was taken in communicating with participants, offering them the opportunity to opt into a new forum and their data was then destroyed in line with received guidance. During the year there has been no loss of sensitive personal data.

Consultation with employees

Becta has consulted with staff and the PCS union throughout the whole closure programme. There was a Recognition Agreement in place setting out principles, scope and consultation processes. There was a regular dialogue between the organisation and the Union and this fell 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 were posted on the intranet for all staff to read and be informed of changes and implications. Also staff briefings and workshops were held as appropriate to explain the closure programme.

Employee absence

Becta had a good record in relation to sickness absence. For the year ended 31 March 2011 the average number of sick days per employee was 3.0 days (2010 – 3.2 days), including all types of sickness. Becta had a sickness absence policy which included return to work interviews which were considered the most effective means of helping to reduce absence levels. The two highest reported categories for sickness absence were colds / influenza and migraine / headaches.

Equal opportunities and diversity

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

It was 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.

Training & development and outplacement support

The employee support measures have been valuable for staff. Vacancies in other organisations have been advertised on our intranet and some staff have been successful in securing employment from this method. Staff have been encouraged to focus their training on personal development, equipping themselves for future employment or their life plans. Almost all staff have engaged with DBM's outplacement service in person and online and many have attended pension, financial and other advice sessions.

Environmental policy

Following a refurbishment project the main Becta premises had an Energy Performance Certificate (EPC) rating of a high 'B'.

Social and community issues

Due to the closure of Becta some residual IT equipment was donated to a number of charitable causes and schools.

Health and safety management

Becta had a robust set of Health & Safety procedures in place as part of its management arrangements and this was promoted throughout the organisation.

Members' Voluntary Liquidation

On 1 April 2011 Becta was placed in Members' Voluntary Liquidation with the Liquidators being Mark Wilson and Matthew Wild of Baker Tilly Restructuring and Recovery LLP. If after all liabilities have been settled there is a subsequent deficit from outstanding liabilities, this will be met by the Department for Education, in full, in accordance with their letter of 29 June 2010 and under the normal conventions applying to parliamentary control over income and expenditure, taking account of the amounts required to meet the liabilities as they fall due. Any such costs have already been included in the Department's Supply Estimate as residual costs arising from arm length bodies being closed. Hence there is no reason to believe that the department's future funding and future parliamentary approval will not be forthcoming, should a deficit arise.

Graham Badman CBE	Stephen Crowne
Chairman	Accounting Officer
2011	2011

Part A: Unaudited

The Remuneration report has been prepared in accordance with the Government Financial Reporting Manual.

The Remuneration Committee met three times during the year to consider the remuneration policy for the Chief Executive, Executive Directors and Directors. Membership of the Remuneration Committee during 2010-11 was:

Graham Badman CBE
John Roberts CBE

The Chief Executive's remuneration is reviewed annually in the light of the Secretary of State's decision on the recommendations of the Senior Salaries Review Body and is subject to full satisfactory performance. The Chief Executive has a contract of employment which commenced on 12 June 2006.

The Chief Executive, Executive Directors and Directors are subject to performance related pay including a non-consolidated element of up to 10% of their salary. These are agreed by the Remuneration Committee and as part of the annual pay remit. They are entitled to be members of the Local Government Pension Scheme, or where previous membership applies, the Teachers Pension Scheme. Arrangements for Executive Directors to receive termination awards are contained within their contracts of employment.

The Chief Executive, Executive Directors and Directors are entitled to receive six months notice of termination of employment. Terry Piggott's 12 month secondment from Rochdale Metropolitan Borough Council ended in September 2010.

The following sections provide details of the audited remuneration and pension interests of the Board of Trustees and senior employees.

Part B: Audited

Remuneration of the board of trustees

	Date of appointment to Board	2010-11 *£'000*	2009-10 *£'000*
Chairman of the Board			
Graham Badman	1 April 2006		
Fee (including VAT)		36	35
Chairman of the Audit Committee			
John Roberts	1 May 2008		
Fee		5	5

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; the Chair of the Audit Committee's remuneration has been approved by the Charity Commission.
Expenses of £7,127 (2009-10: £4,258) were reimbursed to 5 (2009-10: 8) members of the Board during the year in respect of travel and other business costs.

Remuneration of the Chief Executive and Executive Directors

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

	2010-11 £'000	restated **2009-10** £'000
Salary	144	144
Employers pension contribution	26	29
Salary payable April to June 2011	29	-
Payment in lieu of notice	7	-
Employers pension contribution April to June 2011	5	-
	211	173

As a result of the closure of Becta salary and employers pension contributions incurred from April to June 2011 have been accrued in the 2010-11 accounts and disclosed separately where appropriate. The Chief Executive is an ordinary member of the London Pensions Fund Authority (LPFA) Pension Scheme.

Remuneration of Executive Directors

Emoluments

	2010-11				**2009-10** restated	
Name, date of appointment and date of employment termination	**Salary and allowance payments for year ended 31 March 2011 £'000**	**Salary and allowance payments 1 April 2011 to 30 June 2011 £'000**	**Bonus payments £'000**	**Payment in lieu of notice and holiday pay £'000**	**Salary and allowance payments for year ended 31 March 2010 £'000**	**Bonus payments £'000**
Alan Cowie 01/02/2007 30/04/2011	115-120	5-10	5-10	15-20	120-125	5-10
Stephen Crowne 12/06/2006 12/06/2011	140-145	25-30	-	5-10	140-145	-
Stephen Lucey 11/12/2006 30/06/2011	100-105	25-30	5-10	-	100-105	5-10
Niel McLean 11/12/2006 30/04/2011	110-115	5-10	0-5	15-20	110-115	5-10
Tony Richardson 11/12/2006 30/06/2011	115-120	25-30	0-5	-	115-120	5-10
Jane Williams 16/04/2007 31/12/2010	95-100	-	0-5	65-70	125-130	5-10
Full year equivalent salary	125-130					

Salary and allowances covers both pensionable and non-pensionable amounts and includes, but may not necessarily be confined to gross salaries; performance pay or bonuses payable; overtime; reserved rights to London Weighting or London allowances, recruitment and retention allowances, private office allowances or other allowances to the extent that they are subject to UK taxation and any ex-gratia expenses. It does not include amounts which are a reimbursement of redundancy or which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

As a result of the closure of Becta, remuneration costs have been identified to 31 March 2011. Salary and associated costs from April to June 2011 have been accrued in the 2010-11 accounts and disclosed separately. Bonuses relating to 2009-10 performance were paid in the financial year. An accrual for 2010-11 performance bonuses, payable in April 2011, has been made. As a result of change in disclosure requirements bonuses are now required to be identified separately. Payments in lieu of notice and holiday pay arising on redundancy have also been identified separately.

Exit Packages

Name	Date of employment termination	Redundancy payment £'000	Pension scheme capitation costs £'000
Alan Cowie	30/04/2011	40-45	-
Stephen Crowne	12/06/2011	70-75	0-5
Stephen Lucey	30/06/2011	110-115	-
Niel McLean	30/04/2011	120-125	130-135
Tony Richardson	30/06/2011	55-60	45-50
Jane Williams	31/12/2010	35-40	440-445

Where Executive Directors are still in Becta employment after 1 April 2011 an accrual has been made in the 2010-11 accounts for the costs associated with the termination of employment.

All redundancy payments were contractual payments in accordance with the individual's contract of service and Becta's Security of Employment policy. The pension scheme capitation costs paid by Becta are the cost to the London Pension Fund Authority and Teachers' Pension Scheme pension fund of members retiring on redundancy grounds and represent the cost to the pension fund of the pension becoming payable prior to normal retirement age. Under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, members are awarded immediate payment of pension on redundancy grounds if the employer confirms this to be the reason for termination of employment and the member is aged over 55 at their last day of employment.

Terry Piggott commenced employment with Becta on 1 October 2009 on a 12 month secondment from Rochdale Metropolitan Borough Council. In the six months to 30 September 2010 Becta paid Rochdale Metropolitan Borough Council £78,000 (2010 - £76,000) for his services.

Pension benefits

	Real increase/ (decrease) in pension at pension age	Real increase/ (decrease) in lump sum at pension age	Total accrued pension at pension age	Total accrued pension lump sum at pension age	Restated CETV at 1 April 2010/ start of service	CETV at 31 March 2011	Employer funded real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Alan Cowie	0-2.5	(2.5-5)	30-35	85-90	478	484	(3)
Stephen Crowne	(2.5-5)	(17.5-20)	55-60	155-160	1,198	1,104	(105)
Stephen Lucey	0-2.5	(2.5-5)	45-50	115-120	798	800	(6)
Niel McLean	(0-2.5)	0-2.5	20-25	55-60	397	409	4
Tony Richardson	0-2.5	(0-2.5)	5-10	10-15	127	151	15
Jane Williams	(2.5-5)	(17.5-20)	70-75	200-205	1,384	1,299	(93)

The pension benefits above do not reflect any capitation payments made or lump sum pensions taken due to retirement. Lump sum pension calculations are based on 2010/11 salaries. However when employees leave the figures will be recalculated to reflect the highest salary in the previous three years.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last years report which was calculated using the previous factors.

Graham Badman CBE	Stephen Crowne
Chairman	Accounting Officer
2011	2011

Income and expenditure

The principal funding for Becta was grant-in-aid received from the DfE.

Income recognised for the year ended 31 March was £189.7m (2010 - £80.4m), this increase was due to the funding of the national rollout of the Home Access programme. This includes £35.4m of grant-in-aid that Becta was granted in its remit letter for 2009-10 but was only drawn down from the DfE on 1 April 2010 mainly relating to the timing of Home Access grants. The accounting policy for grant-in-aid is to recognise such income in the year that it was received and so this funding is recognised in the financial statements for the year ended 31 March 2011.

Costs directly allocated to educational projects have risen to £127.9m (2010 - £105.0m) the main reason being the award of Home Access grants of £97.6m (2010 - £49.4m). An orderly closedown of projects and programmes took place during the year.

Corporate support costs, excluding deprecation, impairment charges and write off of costs on disposal of assets, reduced to £4.9m (2010 - £7.2m) due to a £1.0m reduction in staff costs due to staff leaving during the year and £1.3m saved in other corporate overheads. This saving has been offset by the staff closure costs of £10.2m detailed in other resources expended (note 7).

Unrestricted and restricted funds surplus

The balance sheet at 31 March 2011 shows an unrestricted fund deficit of £3k and a residual restricted fund surplus of £2,500.

The unrestricted fund has a deficit of £3k (2010: deficit £16.0m). This includes the London Pensions Fund Authority (LPFA) defined benefit pension scheme liabilities falling due in future years, with the overall deficit in this pension fund having decreased from £13.1m to £4.2m. This decrease is partly the result of a lump sum payment of £9.0m prior to the year end. The liability disclosed in these financial statements has been calculated on a cessation basis at 30 June 2011. It is planned that the liquidators' will settle the final deficit in the pension scheme after June 2011 when the final employees have left.

The final draw down of the grant-in-aid allocation for 2009-10, £35.4m, (which includes the £29.0m for Home Access capital grants) was received by Becta on 1 April 2010 to cover liabilities arising from the £34.9m excess of expenditure over income recognised in the Statement of Finance Activities in 2009-10 before the actuarial losses.

Closure

On 24 May 2010 Graham Badman, the chair of Becta, received a letter from the Secretary of State for Education informing him that Becta's grant-in-aid funding would not continue past 31 March 2011. Consequentially the Board took the decision that it would cease the operations of Becta in an orderly manner over the year to 31 March 2011. As a result these financial statements have been prepared other than on a going concern basis with the appropriate adjustments. The adjusted grant-in-aid for 2010-11 took into account amounts required to meet all Becta's liabilities falling due in the year and has been included in the Department's estimates for the year, which have been approved by Parliament and so provide sufficient funding to meet all of Becta's known liabilities falling due in the year to 31 March 2011 and beyond 1 April 2011 when Becta was placed in Members' Voluntary Liquidation.

Closure costs of £11.8m were incurred and include staff costs £10.2m, asset impairments of £1.2m and other costs of £0.4m, full details are disclosed in other resources expended (note 7).

Reserves policy

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

Becta's working capital for its core activities, its free reserves (that is those funds not tied up in fixed assets, designated and restricted funds), was restricted to a maximum of 2% cash equivalent of its annual grant-in-aid entitlement. However because of the timing difference in the draw down of the final grant-in-aid claim for 2009-10 the free reserves fund was in deficit by £3.9m at 31 March 2010. The free reserves fund was replenished on 1 April 2010 by the unrestricted funds associated with £35.4m draw down of the final grant-in-aid claim for 2009-10 bringing it back to an appropriate level.

Payment of creditors

The Late Payment of Commercial Debts (Interest) Act requires government bodies 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, unless otherwise agreed. New regulations were also introduced, effective from 7 August 2002, giving suppliers the right to claim compensation (fixed sums and interest) for late payments.

Becta supports the Better Payment Practice Code. Payment performance for 2010-11 shows 63% (2009-10 70%) of all invoices received were paid within 30 days of *invoice date.* But this calculation takes no account of invoices legitimately delayed by query and may also be distorted by the delay between the date of an invoice and the date an invoice is received. The payment performance for 2010-11 shows 94% (2009-10 98%) of all invoices received were paid within 30 days of being recorded on the finance accounting system. The aggregate amount owed to trade creditors and grant recipients at the year end compared with the aggregate amount invoiced by suppliers and claimed by grant recipients during the year, expressed as a number of days was 1 day (2009-10 35 days), this reduction reflects the lower value of trade creditors at 31 March 2011 due to the closure of Becta.

These measures were reported each month and were closely monitored to ensure suppliers to Becta are being dealt with in accordance with the code of practice. Becta received one claim for interest under the Act during the year and no other claims for compensation were received.

Grant making policy

Grants payable were charged in the year when the offer was 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. There were no commitments in respect of grants at 31 March 2011.

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 Comptroller and Auditor General has been appointed auditor of the company under the Government Resources and Accounts Act 2000 (audit of non-profit making companies) Order 2009. In addition to the fee for the statutory audit of the financial statements, the auditors were also paid for work to certify Becta's contributions to the Teachers' Pension Scheme (note 4 to the financial statements).

Graham Badman CBE Chairman	Stephen Crowne Accounting Officer
2011	2011

Statement Of Trustees' and Accounting Officer's Responsibilities

The trustees (who are also directors of the British Educational Communications and Technology Agency for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The Secretary of State for Children, Schools and Families has appointed Stephen Crowne, Chief Executive, as Accounting Officer of the British Educational Communications and Technology Agency.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding the Agency's assets, are set out in Managing Public Money issued by HM Treasury.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Scope of responsibility

As Accounting Officer and Chairman (as a representative of the Board of Trustees), we had responsibility for maintaining a sound system of internal control that supported the achievement of British Educational Communications and Technology Agency's policies, aims and objectives, whilst safeguarding the public funds and organisational assets for which the Accounting Officer was personally responsible in accordance with the responsibilities assigned to the role under *Managing Public Money.*

The organisation ensured effective policy alignment, and the effective management and escalation of risk, by closely working with DfE through a number of routes: active involvement of the Departmental Assessor on the Board; regular liaison with our sponsor team; regular meetings with more senior officials including the Director General for Schools.

The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of British Educational Communications and Technology Agency’s 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 was in place in British Educational Communications and Technology Agency for the year ended 31 March 2011 and accorded with Treasury guidance. Becta appointed liquidators on 1 April 2011 and the liquidation has been carried out in accordance with the requirements of the Insolvency Act 1986 and therefore the previous system of internal control is no longer in place.

Capacity to handle risk

As Accounting Officer and Chairman, we placed a high value on the existence of an effective risk management framework. The Board had a fundamental role to play in the management of risk, through the risk management framework, which included setting the risk appetite for different aspects of the organisation and influencing the culture of risk management. Each year the Board reviewed the organisation’s approach to risk management and approved changes and improvements to key elements of its policy, processes and procedures. This incorporated any advice we received from our internal auditors on current best practice when they reviewed our risk management practice. The risk management process enabled key strategic risks to be identified and these, in particular, were the focus of the Board and Executive scrutiny during the year.

The responsibility for implementing British Educational Communications and Technology Agency’s risk management framework was delegated to the Chief Executive. However, the responsibility for identifying and managing risk rested with all staff and the Executive.

The risk and control framework

A comprehensive risk management framework was in place which established a standard procedure throughout the organisation for identifying and documenting risk. The Audit Committee, which met 5 times during 2010-11, monitored the adequacy and effectiveness of this risk management framework. In carrying out this role, the Audit Committee sought to ensure that risk management activity was integral to the overall performance and management of British Educational Communications and Technology Agency, and that the consideration of risk was embedded as a key management activity.

British Educational Communications and Technology Agency did not have an overall risk appetite. The majority of our delivery programmes had a low risk appetite. The risk appetites were established to take into account the nature of British Educational Communications and Technology Agency's requirements and responsibilities and the risks attached, the external environment and the potential reputational damage that it could have suffered should it have failed to act appropriately. This ensured that effective internal control and good management practice was in place but without being excessively restrictive as the organisation worked to deliver its agenda.

Review of effectiveness

As Accounting Officer and Chairman, we jointly had responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control was informed by the work of the internal auditors, the OGC through their Gateway review of procurement and programme/project management and the senior management within British Educational Communications and Technology Agency who had 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. We were advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system was in place.

Risk management

British Educational Communications and Technology Agency managed its risks on a two tier basis. High level risks were identified, managed and monitored by the Executive whilst lower level risks were managed by the programme/project boards and within Directorates by the Directors.

The Board received a report on these high level risks at each of its meetings which tracked the Executive's current assessment of the risks based on the scale.

For the lower level risks, risk registers, with mitigating actions, assessments of impact and probability were maintained, managed and reviewed at programme/project board, Directorate and Operational Committee level with clear processes for escalation.

Information assurance

Our information assurance activities were undertaken in line with the Cabinet Office's Security Policy Framework.

Within the organisation we had established Information Asset Owners (IAOs) who were responsible for identifying and managing information risks in their operational areas. They were responsible for reporting any information risk management issues during the year and providing assurance to the Senior Information Risk Owner (SIRO).

The SIRO has made an annual statement on information risk management to the Accounting Officer. The report for 2010-11 confirmed that: British Educational Communications and Technology Agency had taken all reasonable and proportionate steps to manage data securely, in the interests of the data subjects and in the interests of the reputation of the British Educational Communications and Technology Agency.

Becta had no significant information security incidents during the year.

Assurance mechanisms

The effectiveness of the system of internal control was reviewed through a series of measures including taking account of advice and findings from both the internal auditors, Grant Thornton and external auditors, NAO, through their management letter. The Audit Committee reviewed all internal and external audit reports and tracked the implementation of recommendations.
The work plan of the internal auditors was based on the assessment of risk and adjusted annually to reflect changes in key risks and was undertaken in accordance with Government Internal Audit Standards. The findings, of the internal auditors, provided evidence and assurance to the Executive and management of the effectiveness of internal controls. The identification of weaknesses by audit and by internal review allowed management to improve systems and give improved levels of assurance.

The internal auditors presented a final annual report for 2010-11 to the Becta Audit Committee in March 2011 giving the following assurance: 'Overall therefore, we are satisfied that, based on the work undertaken during the year, nothing came to our attention that indicates that Becta has not maintained an effective framework of corporate governance, risk management and internal control.'

Key issues

Home Access

In the last two year's Statement on Internal Control we highlighted the challenges the delivery of the Universal Home Access programme brought to the organisation. During this year the full nationwide delivery of the Programme was completed.

At the initial stages of the programme, in February 2009, the Programme Board considered a paper on the anti fraud strategy and policy for Home Access. The paper also considered the inherent risk of the information, ultimately derived from data from the Department for Work and Pensions (DWP), used to assess the validity of claimant (the Home Access scheme is based on receipt of benefits, as opposed to eligibility for benefits). The original conclusion was that DWP's official fraud data indicated that there could be an inherent risk as high as 2.5% (based on DWP's 2007-08 information) of claimants not being a valid recipient but after expert and internal assessment this inherent risk would more likely to be approximately 1%. It was accepted that the Home Access programme would accept this level of inherent risk with the understanding that Home Access team would relay any suspicions around benefit entitlement back to the DWP where possible.

More recent DWP official fraud data indicated that the inherent risk could have increased to 2.9%, however our view remained that this assessment was too high because the individuals already defrauding the system were less likely to risk bring further attention to themselves by making a claim relative to the receiving of a one-off low value monetary benefit.

In addition our original view of the risk of fraud has not been borne out by the actual level of fraud experienced by the programme; Becta's internal controls around the programme have ensured that we have been very successful in catching fraudulent activity with actual detected fraud levels at only 0.045%.

All major risks encountered and decisions were duly escalated to the Department, Ministers, British Educational Communications and Technology Agency's Board and Audit Committee.

Closure

As noted in the Annual Report, the Becta Board took the decision to close Becta down in an orderly manner by 31 March 2011 after the decision of the Department of Education to cease Becta's funding. As a result a full programme had been developed to manage this process within the existing internal control environment. This programme is now complete and the remaining assets and liabilities of the organisation have been passed to the liquidator.

The liquidator will enure all liabilities have been settled and if there is a subsequent deficit from outstanding liabilities, this will be met by the Department for Education, in full, in accordance with their letter of 29 June 2010 and under the normal conventions applying to parliamentary control over income and expenditure, taking account of the amounts required to meet the liabilities as they fall due. Any such costs have already been included in the Department's Supply Estimate as residual costs arising from arm length bodies being closed. Hence there is no reason to believe that the department's future funding and future parliamentary approval will not be forthcoming, should a deficit arise.

Conclusion

Overall, taking into account the above, and based on the statement of assurances received from each of the Executive Directors around the control environment in each of their Directorates, we were satisfied with British Educational Communications and Technology Agency's risk management, governance and internal control arrangements and that the weaknesses identified, did not represent a material threat to British Educational Communications and Technology Agency's operational effectiveness.

Graham Badman CBE
Chairman

2011

Stephen Crowne
Accounting Officer

2011

The Certificate and Report of the Comptroller and Auditor General to the Members of British Educational Communications And Technology Agency Limited

I certify that I have audited the financial statements of the British Educational Communications and Technology Agency for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement, and the related notes. The financial statements have been prepared under the accounting policies set out therein. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the trustees, accounting officer and auditors

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources, including the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources, including the income and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the British Educational Communications and Technology Agency's state of affairs as at 31 March 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been properly prepared in accordance with the Companies Act 2006.

The Certificate and Report of the Comptroller and Auditor General to the Members of British Educational Communications And Technology Agency Limited

Emphasis of Matter – Financial Statements not prepared on a going concern basis

Without qualifying my opinion, I draw attention to note 1 of the financial statements. The Chair of the charity was formally notified on 24 May 2010 by the Secretary of State for Education that the charity's grant in aid funding would not continue past 31 March 2011 and therefore the directors decided to cease the operations over the year to 31 March 2011. As a consequence, the directors do not consider the British Educational Communications and Technology Agency to be a going concern and the financial statements have not been prepared on a going concern basis. Details of the impact of this on the financial statements are provided in Note 1 to the financial statements.

Opinion on other matters

In my opinion:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the audited part of the Remuneration Report has been properly prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Matters on which I am required to report by exception

I have nothing to report in respect of the matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 14 July 2011

Statement of Financial Activities (including Income and Expenditure Account)

		2010-11			2009-10 Restated
		Unrestricted funds	Restricted funds	Total	Total
	Note	£'000	£'000	£'000	£'000
Incoming resources from generated					
Funds					
Voluntary income					
- DfE Grant-in-aid		47,017	142,578	189,595	80,376
- DfE and other grants		-	-	-	14
Investment income		1	-	1	1
Incoming resources from charitable activities		59	-	59	27
Total incoming resources	3	47,077	142,578	189,655	80,418
Resources expended					
Charitable activities	4	20,285	113,572	133,857	112,577
Governance costs	4	181	6	187	194
Pension finance costs	16	302	-	302	385
Other resources expended					
Exceptional closure costs	7	11,801	-	11,801	2,148
Total resources expended		32,569	113,578	146,147	115,304
Net incoming (outgoing) resources/ net surplus / (deficit) before other recognised gains/(losses)		14,508	29,000	43,508	(34,886)
Actuarial gains/(losses) on defined benefit pension scheme		1,451	-	1,451	(8,328)
Net movement in funds		**15,959**	**29,000**	**44,959**	**(43,214)**
Fund balances as at 1 April	13	**(15,962)**	**(28,997)**	**(44,959)**	**(1,745)**
Fund balances as at 31 March	13	**(3)**	**3**	**-**	**(44,959)**

The statement of financial activities includes all gains and losses in the year. All activities relate to operations that were discontinued during 2010-11; some functions were transferred to DfE or LSIS during the year.

The accounts have been restated following the removal of the requirement to recognise a notional cost of capital (note 1).

Balance Sheet

	Note	31 March 2011 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2010 £'000
Fixed assets					
Tangible assets	8		-		837
Current assets					
Debtors	9	155		420	
Cash at bank and in hand	10	6,083		12,047	
		6,238		12,467	
Creditors: amounts falling due within one year	11	(2,009)		(45,019)	
Net current assets / (liabilities)			4,229		(32,552)
Total assets less current liabilities			4,229		(31,715)
Provisions	12		(4,229)		(156)
Net assets / (liabilities) excluding pension scheme liability			-		(31,871)
Defined benefit pension scheme Liability	16		-		(13,088)
Net assets / (liabilities) including pension scheme liability			-		(44,959)
Funds:					
Restricted funds	13		3		(28,997)
Unrestricted funds:					
- Designated funds	13	-		156	
- General funds	13	(3)		(16,118)	
			(3)		(15,962)
			-		(44,959)

The financial statements on pages 24 to 48 were approved by the Board on 2011 and signed on its behalf by:

Graham Badman CBE - Chairman ……………………………………………………………

The financial statements were also approved by:

Stephen Crowne - Accounting Officer …………………………………………………

Cash Flow Statement

	Note	2010-11 £'000	2009-10 £'000
Net cash outflow from operating activities	18	(1,876)	(3,421)
Returns on investment and servicing of finance			
Interest received		1	1
Capital expenditure and financial investment			
Receipts from sales of tangible fixed assets		12	-
Payments to acquire tangible fixed assets		(2,498)	(903)
Decrease in cash	17	**(4,361)**	**(4,323)**

1 Accounting Policies

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 Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005 and the Companies Act 2006 and the Government Financial Reporting Manual (where it does not conflict with the preceding two).

Going concern

On 24 May 2010 Graham Badman, the chair of Becta, received a letter from the Secretary of State for Education informing him that Becta's grant-in-aid funding would not continue past 31 March 2011. Consequentially the Board decided to that it would cease the operations of Becta in an orderly manner over the year to 31 March 2011. Therefore these financial statements have been prepared on a basis other than that of a going concern in accordance with FRS 18 (paragraph 21) and SI 2008/420 Schedule 1 (10) (2) which includes, where appropriate, writing down the organisation's assets to net realisable value. The financial statements include accruals for the future costs of terminating the operations of the organisation where costs were known at the balance sheet date and these liabilities are a direct result of the decision to close Becta and therefore Becta has a legal or constructive obligation. The defined benefit pension scheme liability is based on a cessation valuation (note 16) and the final liability has been reclassified as a provision (note 12).

Fund accounting

Funds held by the charity are:

Unrestricted funds
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.

Included within unrestricted funds are surpluses relating to Revenue Grant-in-Aid from DfE and BIS and designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes.

Restricted funds
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. Tangible fixed assets are stated at cost. Expenditure on the acquisition of tangible fixed assets was 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.

1 Accounting Policies (continued)

Depreciation was provided on all tangible fixed assets, other than assets under construction, at rates calculated to write off the cost of the assets evenly over their expected useful lives which are as follows:

Leasehold improvements	period of lease
Furniture	between 5- 10 years
Office equipment	3 years
IT equipment and software	3 years

Depreciation is not charged on assets under construction until completion.

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Incoming resources

Grant-in-Aid received from DfE in respect of revenue expenditure is recognised in the income and expenditure account in the year it is received. Grant-in-Aid relating to specific capital expenditure is credited to the Government Capital Reserve and released to the income and expenditure account over the estimated useful economic life of the asset to which it relates, matching the depreciation charged on these assets.

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

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

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 and provision recognition

Liabilities and provisions are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure as a result of a past event; it is probable that a transfer of economic benefit will be required to settle the obligation which can be reliably estimated. 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.

1 Accounting Policies (continued)

Trade Debtors

Trade debtors are amounts billed to customers for the sale of fixed assets or other amounts due upon completion of contracts. Trade debts are reviewed and if necessary a provision for bad or doubtful debts is made.

Grants payable

Grants payable are charged to the Statement of Financial Activities as expenditure in the year the offer is conveyed to the recipient except in those cases where the offer is conditional. Where the offer is conditional such grants are charged 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 excluding costs relating to Becta's closure which have been included in other resources expended (note 7).

Other resources expended

Other resources expended (note 7) includes exceptional costs, as defined by FRS3, relating to the closure of Becta including the impairment of fixed assets, redundancy and other staff termination costs, legal costs and liquidators fees. These amounts include an accrual for future costs where necessary as these relate fully to the closure of Becta and therefore Becta had a legal or constructive obligation at the balance sheet date.

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 statement of financial activities and the income and expenditure account as incurred.

1 Accounting Policies (continued)

Pension schemes

The company contributes to two defined benefit pension schemes, the Teachers' Pension Scheme and the London Pensions Fund 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.

For Becta's final Annual Report and Financial Statements the liability disclosed in the accounts is the actuaries' forecasted liability for 30 June 2011 after the last employees have left Becta. This is on the basis of a cessation valuation for which the assumption used are not the same as those that would be normally applicable to an on-going FRS17 valuation (as described above). Further details are given in note 16 to these financial statements.

Payments to the LPFA pension schemes on account of the cessation liability have been deducted from the last valuation held in the balance sheet, and that closing projected liability has been reclassified as a provision at the balance sheet date.

Financial instruments

Financial Reporting Standards (FRS) 25, 26 and 29, relating to financial instruments, have been applied in these financial statements.

Foreign currencies

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

1 Accounting Policies (continued)

Notional cost of capital

As a result of changes in HM Treasury's Financial Reporting Manual (FReM) for 2010-11, the requirement to recognise a notional cost of capital charge has been removed. The comparative figures for 2009-10 have been restated to reflect this change. However, this change has a nil impact on either the financial performance or position of Becta.

2 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.

3 Incoming resources

	2010-11 £'000	2009-10 £'000
Unrestricted income		
Grant-in-aid : revenue	45,559	36,693
Grant-in-aid : capital	1,458	9,263
Other income	59	27
Investment income	1	1
	47,077	45,984
Restricted income		
Grant-in-aid : revenue	16,008	16,783
Grant-in-aid : capital	126,570	17,637
Other grants	-	14
	142,578	34,434
	189,655	80,418

Investment income is represent by:	2010-11 £'000	2009-10 £'000
Bank deposit interest receivable	1	1

4 Resources expended

Resources expended on charitable activities	2010-11 £'000	Restated 2009-10 £'000
Costs directly allocated to educational projects		
Staff costs (see note 5)	8,312	16,433
Projects and programme costs	18,024	29,806
Revenue grants (see note 6)	3,498	8,224
Capital grants (see note 6)	98,028	50,517
	127,862	104,980
Support costs allocated to activities		
Staff costs (see note 5)	2,793	3,811
Corporate overheads	2,094	3,342
Depreciation & profit and loss on the disposal of fixed assets	1,108	444
	5,995	7,597
Educational projects	133,857	112,577

4 Resources expended (continued)

Becta accounts for its resources expended by the one charitable objective, education projects.

Governance costs	**2010-11**	**2009-10**
	£'000	**£'000**
Board Costs		
Chairman's remuneration	36	35
Chairman of the Audit Committee's remuneration	5	5
Travel & subsistence	8	19
Room hire	23	25
Others	2	3
	74	87
Audit		
Auditors' remuneration for		
- Audit	72	68
- Other services	7	-
Internal auditors' remuneration	34	39
	113	107
Governance costs	187	194

The net movement in funds is after charging:	**2010-11** **£'000**	**Restated** **2009-10** **£'000**
Operating leases:		
Motor vehicle	2	2
Other (land and buildings)	518	561
Depreciation	1,120	330
(Profit) / Loss on disposal of fixed assets	(12)	114
Provision for dilapidations	(35)	156

Legal costs relating to the support of the Trustees during Becta's closure are disclosed in note 7.
The auditors' remuneration for other services relates for work to certify Becta's contributions to the Teachers' Pension Scheme for 2008-09, 2009-10 and 2010-11.
The impairment charge relating to fixed assets is disclosed in note 7.

Segmental Reporting

Costs directly allocated to educational projects	Staff costs	Projects and programme costs	Revenue grants	Capital grants	**10-11 Total**	**09-10 Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Strategy & Communications	1,822	1,934	1,000	-	4,756	15,533
Children, Schools & families	1,127	663	641	458	2,889	8,043
Further Education & 14 to 19	1,055	460	261	-	1,776	5,635
Cross-system underpinning Technology	1,330	806	1,600	-	3,736	6,578
Regional delivery & engagement	863	275	(4)	-	1,134	2,116
Universal Home Access	2,115	13,886	-	97,570	113,571	67,075
	8,312	18,024	3,498	98,028	127,862	104,980

5 Staff and remuneration costs

Staff costs	2010-11	2009-10
	£'000	£'000
Wages and salaries	7,596	8,822
Social security costs	704	788
Agency, temporary and contract staff	2,626	9,425
Secondments	377	653
LPFA Current service pension costs and other pension costs	1,678	551
LPFA Past service pension costs	(2,071)	-
TPS pension contributions	195	208
	11,105	20,447
Less agency, temporary & contract staff capitalised	-	(203)
	11,105	20,244

LPFA Past service pension costs relate to the reduction in the pension fund liability as a result of the Government announcement that future pensions will increase in line with the Consumer Price Index rather than the Retail Price Index.

Staff exit packages

Exit package cost band	Number of compulsory redundancies	Number of departures by other means	Total number of exit packages by cost band
Under £10,000	8	27	35
£10,000- £25,000	9	37	46
£25,000-£50,000	4	28	32
£50,000-£100,000	2	17	19
£100,000-£150,000	0	7	7
£150,000-£200,000	0	2	2
£200,000-£300,000	0	2	2
£500,000-£600,000	0	1	1
Total number of exit packages	23	121	144
Total resource cost	£418,109	£4,974,054	£5,392,163

As part of the closure Becta has incurred the above costs in respect of exit packages for staff members. An accrual has been made in 2010-11 accounts for exit package costs in respect of members of staff employed between April and June 2011. In 2009-10 there was one exit package in the band £25,000 to £50,000.

5 Staff and remuneration costs (continued)

All redundancy payments were contractual payments in accordance with the individual's contract of service and Becta's Security of Employment policy. The pension scheme capitation costs paid by Becta are the cost to the London Pension Fund Authority and Teachers' Pension Scheme pension fund of members retiring on redundancy grounds and represent the cost to the pension fund of the pension becoming payable prior to normal retirement age. Under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, members are awarded immediate payment of pension on redundancy grounds if the employer confirms this to be the reason for termination of employment and the member is aged over 55 at their last day of employment.

Average number of employees	**2010-11 Number**	**2009-10 Number**
The average number of persons employed by the company (excluding members of the Board) was:		
Professional staff	130	153
Administrative and technical support staff	54	62
	184	**215**

Figures based on staff numbers to 31 March 2011 up to the point at which Becta went into Members' Voluntary Liquidation.

The following numbers of higher paid employees, including the Chief Executive, received emoluments (excluding pension contributions)

within the ranges following:	**2010-11 Number**	**2009-10 Number**
£60,000 - £69,999	3	5
£70,000 - £79,999	6	10
£80,000 - £89,999	-	1
£90,000 - £99,999	-	1
£100,000 - £109,999	2	1
£110,000 - £119,999	1	1
£120,000 - £129,999	2	2
£130,000 - £139,999	-	2
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1

Other directors' remuneration disclosures required by the Companies Act 2006 are included in the Remuneration Report (pages 9-13). 13 (2010 – 22) of the higher paid employees have retirement benefits accruing under defined benefit schemes. Figures based on staff numbers and emoluments to 31 March 2011 up to the point at which Becta went into Members' Voluntary Liquidation.

6 Grants made

Revenue grants	2010-11 £'000	2009-10 £'000
Institutions		
Abilitynet	-	142
Ace Centre Advisory Trust	-	114
Ace Centre North	-	153
E Skills UK Ltd	-	100
Futurelab Education	1,000	1,804
Janet UK	1,426	1,272
JISC Content Procurement Co. Limited	-	290
Learning and Skills Council	-	143
Learning and Skills Improvement Service	-	200
NAACE (Trading) Limited	177	-
Oldham MBC	-	300
Specialist Schools and Academies	-	394
Suffolk County Council	-	300
The e-Learning Foundation	125	375
The FITS Foundation	100	148
Towards Maturity Community Interest	184	250
Other private bodies	24	32
Other education providers and local authorities	155	1,464
Other non-for-profit/public bodies	307	743
	3,498	8,224

Capital grants	2010-11 £'000	2009-10 £'000
Institutions		
The e-Learning Foundation	281	723
E Skills UK Ltd	-	387
Local authority	-	34
Other non-for-profit/public bodies	177	-
	458	1,144
Grants awarded to Home Access applicants	97,570	49,373
	98,028	50,517

Grants are disclosed individually where the amount payable was over £100,000 in either year.

7 Other Resources Expended

During 2010-11 a major transition programme for the orderly closure of Becta was undertaken, the exceptional costs of which have been collated under the category Other Resources Expended.

Exceptional costs relating the year are as follows, an accrual has been made for those costs to be paid post April 2011 through to closure on the basis that these relate fully to the closure and therefore Becta had a legal or constructive obligation at the balance sheet date.

Exceptional Costs

	2011 £'000	restated 2010 £'000
Staff costs (see below)	10,158	-
TUPE transfer support costs	32	-
Legal advice to Trustees re closure	113	-
Contract terminations and legal advice	79	-
Outplacement support and pension advice	124	-
HR legal advice and employment issues	41	-
Finance function costs to support closure	13	-
Liquidator costs pre liquidation	27	-
Liquidator costs post liquidation	33	-
Transition programme other costs and expenses	7	-
Impairment of fixed assets (note 8)	1,174	2,148
	11,801	2,148

Exceptional costs relating to staff incurred in the year are as follows, an accrual has been made for those costs to be incurred post April 2011 through to closure:

Exceptional Staff Costs

	2011 £'000	2010 £'000
Compensation- Redundancy Payments	3,693	-
Compensation - Payments in lieu of notice and holiday Pay	1,530	-
Social security costs relating to compensation payments	197	-
Wages, salaries and social security costs of final closure team	25	-
Interim finance support for closure	98	-
Secondee support for TUPE Transfers	87	-
LPFA Pension settlements and curtailments	4,024	-
Pension Capitation Costs TPS	248	-
Settlement of Ex Employee Pension Liability - TPS	256	-
	10,158	-

8 Tangible assets

	Leasehold improvem'ts £'000	General IT equip't & software £'000	General furniture & office equip't £'000	Projects IT equip't & software £'000	Projects furniture & office equip't £'000	Assets under construction £'000	Total £'000
Cost							
31 March 2010	12	3,670	239	24	10	1,113	5,068
Additions	-	88	-	-	-	1,369	1,457
Transfers	2,162	-	320	-	-	(2,482)	-
Disposals	(2,174)	(3,758)	(559)	(24)	(10)	-	(6,525)
31 March 2011	-	-	-	-	-	-	-
Depreciation							
31 March 2010	3	3,012	229	24	9	954	4,231
Transfers	680	-	274	-	-	(954)	-
Depreciation for the year	317	746	56	-	1	-	1,120
Impairment for the year	1,174	-	-	-	-	-	1,174
Disposals	(2,174)	(3,758)	(559)	(24)	(10)	-	(6,525)
31 March 2011	-	-	-	-	-	-	-
Net book value							
31 March 2011	-	-	-	-	-	-	-
31 March 2010	9	658	10	-	1	159	837

Assets under construction represented amounts relating to the accommodation project and office refurbishment which was completed in July 2010.

An impairment charge was made in 2009-10 against all fixed assets and a further impairment charge made against leasehold improvements in 2010-11 to reflect that the assets useful economic life has been reduced reflecting the decision that Becta would be closed on 31 March 2011. The liability of the property leases held by Becta were transferred to the Department for Communities and Local Government and it was subsequently agreed that the fixtures, fittings, furniture and computer monitors in-situ in Becta 1 would be transferred to the new tenant the Children and Family Court Advisory and Support Service (CAFCASS), an Non-Departmental Public body (NDPB), sponsored by the Department for Education (DfE). A small amount of furniture and equipment was sold during the year (note 4) and some IT equipment was donated to the DfE, charitable causes and schools.

9 Debtors

	2011 £'000	2010 £'000
Trade debtors	62	34
Less provision for doubtful debts	-	-
Prepayments	-	382
Other debtors	93	4
	155	420

9 Debtors (continued)

Balances due analysed by body:	2011 £'000	2010 £'000
Central government bodies (including pensions and other central government funds)	93	-
Local authorities	8	66
Bodies external to government	54	354
	155	420

10 Cash at bank and in hand

	2011 £'000	2010 £'000
Held with Government Banking Service	4,985	10,923
Held in commercial banks	1,098	1,124
	6,083	12,047
Overdraft with commercial banks	-	(1,603)
	6,083	10,444

The overdraft in 2010 arose as a result of unpresented cheques and BACS payments at the balance sheet date.

11 **Creditors:** amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	-	1,603
Trade creditors	215	6,373
Other taxation and social security	182	298
Other creditors	58	153
Exit package costs post 1 April 2011	727	-
Salary and Bonuses post 1 April 2011	221	-
Accruals and deferred income	297	36,334
Pension compensation payments	-	258
Pension capitation costs	309	-
	2,009	45,019

11 **Creditors:** amounts falling due within one year (continued)

Balances outstanding analysed by body:	2011 £'000	2010 £'000
Central government bodies	216	952
Local authorities	2	526
Public corporations	478	122
Bodies external to government	1,313	43,419
	2,009	45,019

12 Provisions

	2011 £'000	2010 £'000
Balance at 1 April 2010	156	-
Amount provided in the year	-	156
Utilised in the year	(121)	-
Released in the year	(35)	-
Transfer of final cessation pension liability	4,229	-
Balance at 31 March 2011	4,229	156

The opening provision related to dilapidation charges that Becta incurred on surrendering one of its leased premises. The closing provision relates to The London Pensions Fund Authority (LPFA) liability for which more details including an explanation of the level of uncertainty over the timing and valuation of the liability are given in note 16.

13 Statement of funds

		Movement in funds				
	Balance 31 March 2010 £'000	Incoming resources £'000	Expended resources £'000	Net gains and losses £'000	Transfers between funds £'000	Balance 31 March 2011 £'000
Unrestricted funds						
Designated funds						
Company projects-revenue	155	-	(87)	-	(68)	-
Company project-capital	1	-	-	-	(1)	-
Total designated funds	156	-	(87)	-	(69)	-
General funds						
Publications fund	143	14	-	-	(157)	-
Projects fund	168	-	-	-	(168)	-
DfE working capital funds	100	-	-	-	(100)	-
Becta working capital funds	(4,277)	36,570	(26,255)	-	(1,812)	4,226
Free reserves sub total	(3,866)	36,584	(26,255)	-	(2,237)	4,226
Capital reserve fund	836	1,458	(2,294)	-	-	-
Deficit on defined benefit pension	(13,088)	9,035	(3,933)	1,451	2,306	(4,229)
Total general funds	(16,118)	47,077	(32,482)	1,451	69	(3)
Total unrestricted funds	(15,962)	47,077	(32,569)	1,451	-	(3)
Restricted funds						
Becta managing agency fund	3	-	-	-	-	3
Universal Home Access	(29,000)	142,578	(113,578)	-	-	-
Total restricted funds	(28,997)	142,578	(113,578)	-	-	3
Total funds	(44,959)	189,655	(146,147)	1,451	-	-

Unrestricted funds

The unrestricted 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:

Company projects capital fund is represented by project furniture and equipment. The remaining surplus was transferred to the Becta working capital funds.

13 Statement of funds (continued)

The company projects revenue fund had been set aside to meet the revenue costs of the refurbishment project that was completed in 2010-11. The remaining surplus was transferred to the Becta working capital funds.

The capital reserve fund was represented by the general fixed assets of Becta.

The deficit on defined benefit pension relates to the year end actuarial valuation of Becta's share of the deficit in the LPFA scheme.

Restricted funds

The Becta managing agency fund represents funding received from the Learning and Skills Council for specific activities. As the Learning and Skills Council no longer exists options for the return of the residual balance of the restricted fund are being considered.

The Universal Home Access fund represents additional capital and revenue funding that Becta received from DfE through a supplemental grant specifically for the delivery of the Universal Home Access programme. This had a deficit balance of £29.0m at 31 March 2010 as a result of a timing difference between the award and the redemption of grants for the purchase of IT equipment. The Programme closed in March 2011.

14 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	-	-	-
Current assets	6,235	3	6,238
Current liabilities	(2,009)	-	(2,009)
Provisions and liabilities	(4,229)	-	(4,229)
Pension liabilities	-	-	-
Total net liabilities	(3)	3	-

15 Financial commitments

Annual obligations under operating leases comprise:	2011 £'000	2010 £'000
Land and Buildings		
Expiring after five years	-	528
Other		
Expiring within one year	-	-
Expiring within two to five years	-	2

All leases at 31 March 2010 were either transferred or subject to a break clause during the year so that at 31 March 2011 there are no lease obligations.

16 Pensions

The two principal pension schemes for the charitable company's staff are the London Pensions Fund Authority (LPFA) and the Teachers' Pension Scheme (TPS).

16 Pensions (continued)

Contributions paid to the schemes during the year were based on the following rates:

	Employers	Employees
Teachers' Pensions Scheme	14.1%	6.4%
London Pensions Fund Authority	18.2%	5.5-7.5%

Total pension cost for the year	**2010-11**	**2009-10**
	£'000	**£'000**
Teachers' Pension Scheme : contributions paid	195	213
London Pensions Fund Authority : current service costs	1,678	551
London Pensions Fund Authority : other net gains	1,953	-
	3,826	764

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	£163,240 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%
Anticipated employer contribution rates	14.1%

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 2011 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 2010-11 the amount charged to the income and expenditure account was £32,403 (2009-10: £31,734). In the event of the closure of Becta the liability in respect of these former employees has been settled in full and therefore there is no liability in the Balance Sheet (2009-10: £258,355). Compensatory payments and the final settlements have been funded from Grant-in-Aid received from DfE.

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.

16 Pensions (continued)

The London Pensions Fund Authority

The London Pensions Fund Authority (LPFA) 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 2010.

A report from the scheme actuary was received in June 2011 providing the charitable company with a project pension scheme valuation as at 30 June 2011, being the date when the charitable company as an employer under the scheme will cease to exist. This valuation report was drawn up on a cessation basis which is consistent with the basis of preparation of the financial statements, and therefore certain assumptions and disclosures are not applicable ("n/a") when compared to those relevant to an on-going FRS17 report. Changes in assumptions as a result of the cessation basis of valuation have been accounted for as a curtailment. The cessation valuation determines the value of liabilities on a "minimum risk" basis using gilt yields as the discount rate whereas FRS17 requires that the discount rate is related to yields from corporate bonds.

The cessation valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Scheme as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

Becta has fully implemented the pension disclosures under FRS17 and full provision has been made for the charitable company's share of the deficit in the LPFA scheme. The actuaries report has provided the best estimate of the liability of Becta at 30 June 2011, but it is still subject to changes in market conditions and possible settlements for staff transferring to other schemes. There is also uncertainty as to the timing of the final payment to the scheme by Becta. Subject to these uncertainties and given the short timescales involved, the projected net pension liability has been treated as a provision and included within note 12 to these financial statements.

In addition, the inflation/pension increase rate assumption reflects the widely publicised change from the Retail Prices Index to the Consumer Prices Index which has given rise to a significant past service gain.

The charitable company has made large lump sum contributions to the scheme to reduce the projected cessation deficit.

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

	2010-11	**2009-10**	**2008-09**
	% p.a.	**% p.a.**	**% p.a.**
Inflation/Pension Increase Rate	2.9%	3.9%	3.1%
Salary increase Rate	n/a	5.4%	4.6%
Expected Return on Assets	6.8%	6.4%	6.4%
Discount Rate	4.1%	5.5%	6.9%

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. 1 April 2010 for the year to 31 March 2011). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

16 Pensions (continued)

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

	Long term expected return 2011	Long term expected return 2010	Long term expected return 2009
Equities	n/a	7.5%	7.0%
Target return portfolio	n/a	4.5%	5.5%
Alternative assets	n/a	6.5%	6.0%
Cash	n/a	3.0%	4.0%
Corporate bonds	n/a	5.5%	-

The current life expectancies (in years) underlying the value of the accrued liabilities for the scheme are:

Life Expectancy at age 65:	2011 Male	2011 Female	2010 Male	2010 Female
Member currently age 65	87	89	85	88
Member currently age 45	89	91	86	89

	Projected fund value at 30 June 2011 £'000	Fund value at 31 March 2010 £'000	Fund value at 31 March 2009 £'000
Equities	22,496	12,959	7,259
Target return portfolio	3,912	1,851	1,273
Alternative assets	4,564	2,592	3,184
Cash	973	926	1,019
Corporate bonds	652	185	-
Total	32,597	18,513	12,735
	%	**%**	**%**
Equities	69	70	57
Target return portfolio	12	10	10
Alternative assets	14	14	25
Cash	3	5	8
Corporate bonds	2	1	-
Total	100	100	100

Net pension liability of company	Projected at 30 June 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Fair Value of Employer Assets	32,597	18,513	12,735
Present Value of Funded liabilities	(36,278)	(31,133)	(17,102)
Net under funding in Funded Plans	(3,681)	(12,620)	(4,367)
Present Value of Unfunded Liabilities	(548)	(468)	(443)
Transferred to provisions (note 12)	4,229	-	-
Net Liability	-	(13,088)	(4,810)

16 Pensions (continued)

Revenue account costs

Analysis of amount charged to statement of financial activities

	2010-11 £'000	2009-10 £'000
Amount charged to staff costs:		
Current Service Costs (note 5)	1,678	551
Past Service Gain (note 5)	(2,071)	-
Losses on curtailments and settlements (note 7)	4,024	-
	3,631	551
Amount credited to other finance income:		
Interest Cost	2,441	1,257
Expected return on Employer Assets	(2,139)	(872)
Pension finance costs	302	385
Net amount charged to statement of financial activities	3,933	936
Actual return on scheme assets	1,911	3,967

Analysis of amount recognised in statement of financial activities (SOFA)

	2010-11 £'000	2009-10 £'000
Actual return less expected return on scheme assets	(228)	3,094
Experience gains and losses	1,679	63
Changes in assumptions	-	(11,485)
Actuarial gain/(loss) recognised in the SOFA	1,451	(8,328)

Movement in deficit during the year	2010-11 £'000	2009-10 £'000
Deficit at beginning of the year	(13,088)	(4,810)
Current service cost	(1,678)	(551)
Past service cost	2,071	-
Employer contributions - regular	2,272	955
Employer contributions - additional lump sum	9,035	-
Contribution in respect of unfunded benefits	34	31
Net return on assets and liabilities	(302)	(385)
Settlements and curtailments	(4,024)	-
Actuarial gains/(losses)	1,451	(8,328)
Transferred to provisions (see note 12)	4,229	-
Deficit recognised at year end date	-	(13,088)

16 Pensions (continued)

Reconciliation of fair value of employer assets	2011 £'000	2010 £'000
Opening fair value of employer assets as at 1 April 2010	18,513	12,735
Expected return on assets	2,139	872
Contributions by members	499	390
Contributions by the employer - normal	2,272	955
Contributions by the employer - additional lump sum	9,035	-
Contributions in respect of unfunded benefits	34	31
Actuarial gains	1,312	3,094
Unfunded benefits paid	(39)	(31)
Benefits paid (net of transfers in)	(1,168)	467
Projected fair value of employer assets as at 30 June 2011	32,597	18,513

Reconciliation of defined benefit obligation	2011 £'000	2010 £'000
Opening defined benefit obligation as at 1 April 2010	31,601	17,545
Current service cost	1,678	551
Interest cost	2,441	1,257
Contributions by members	499	390
Actuarial (gain)/loss	(139)	11,422
Past service cost	(2,071)	-
Losses on settlements and curtailments	4,024	-
Estimated unfunded benefits paid	(39)	(31)
Estimated benefits paid (net of transfers in)	(1,168)	467
Transferred to provisions (note 12)	(4,229)	-
Projected defined benefit obligation as at 30 June 2011	32,597	31,601

Amounts for the current and previous accounting periods	Projected 30 June 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Fair value of employer assets	32,597	18,513	12,735	15,179	13,237
Present value of defined benefit obligation	(32,597)	(31,601)	(17,545)	(17,532)	(17,170)
Surplus/(deficit)	-	(13,088)	(4,810)	(2,353)	(3,933)
Experience gains/(losses) on assets	1,312	3,094	(4,421)	215	115
Experience gains/(losses) on liabilities	139	63	8	(1,382)	(20)

Cumulative amounts recognised in statement of financial activities (SOFA)	2010-11 £'000	2009-10 £'000
Actuarial losses brought forward	(10,231)	(1,903)
Actuarial gains/(losses) recognised in SOFA	1,451	(8,328)
Actuarial losses carried forward	(8,780)	(10,231)

17 Analysis of balances and movements of cash and cash equivalents during the year

Analysis of net funds	At 01 April 2010 £'000	Cashflow £'000	At 31 March 2011 £'000
Cash at bank and in hand	12,047	(5,964)	6,083
Overdraft	(1,603)	1,603	-
Total	10,444	(4,361)	6,083

18 Reconciliation of changes in resources to net cash inflow from operating activities

	2010-11 £'000	2009-10 £'000
Changes in resources (per SOFA)	44,959	(43,214)
Interest received	(1)	(1)
Depreciation and impairment charge	2,294	2,477
(Profit) / Loss on the disposal of fixed assets	(12)	114
Decrease / (increase) in debtors	265	(99)
(Decrease) / increase in creditors	(40,366)	28,868
Increase in provision	4,073	156
(Decrease)/ Increase in defined benefit pension scheme deficit	(13,088)	8,278
Net cash outflow from operating activities	(1,876)	(3,421)

19 Reconciliation of net cash flow to movement in net cash

	2011 £'000	2010 £'000
Decrease in cash in the year	(4,361)	(4,323)
Net cash at 1 April 2010	10,444	14,767
Net cash at 31 March 2011	6,083	10,444

20 Contingent assets and liabilities

There were no contingent assets or liabilities at 31 March 2011 (2010: £nil).

21 Capital and grant commitments

Capital and grant commitments contracted and authorised as at 31 March 2011 totalled £nil (2010: £1,502,344) and £nil (2010: £1,500,000) respectively.

22 Gifts

The only transaction deemed to be a gift were; free of charge secondment of a member of staff to a college of further education between February and April 2011 with an associated cost of £21,355 and donations of surplus IT equipment to the Department for Education, various schools and other charitable bodies (2010: £nil).

23 Taxation

There is no taxation payable as the charity's activities are covered by exemptions under Section 505 ICTA 1988.

24 Related Party Transactions

Becta is an NDPB deriving most of its income from the DfE (which is the controlling party of Becta) and BIS which are both regarded as related parties for this disclosure.

Chairman's remuneration and expenses of £39,232 (2009-10: £35,979) (including irrecoverable VAT) in respect of Graham Badman CBE was paid to Nektus Ltd, a company in which he has a significant interest.

During 2009-10 it was decided that the Framework for ICT Technical Support (FITS) would best be delivered through an external organisation: the FITS Foundation. The FITS Foundation is an independent non-for-profit company of which Stephen Lucey and Paul Shoesmith (an executive director and former employee of Becta) are non-controlling members of the Governing Body. A grant of £100,000 was issued to the FITS Foundation during the year (2010: £148,000).

As part of the closure programme the property lease was transferred to Department for Communities and Local Government, IT equipment, furniture and fittings and fixtures were transferred to Children and Family Court Advisory and Support Service and IT equipment was transferred to the Department for Education.

Based on the declarations of interest received from members of the Board and Becta staff there are no related party transactions other than those described above.

25 Financial Instruments

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS) 25, 26 and 29. As the majority of cash requirements of Becta are met through Grant-in-Aid provided by DfE and BIS, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Becta's expected purchase and usage requirements and so it is, therefore, exposed to low credit, liquidity or market risk.

As Becta's policy is to convert foreign currency into sterling on receipt, Becta's exposure to foreign currency risk is not significant.

26 Losses and special payments

During 2010-11 Becta completed the delivery of the national roll out of the Home Access programme, the government drive that helped low-income families who lacked access to a computer and/or internet to get online at home.

In assessing whether applicants were eligible to receive a grant through the Home Access programme, Becta used information ultimately derived from data from the Department for Work and Pensions (DWP). The DWP official fraud data indicated that there was an inherent risk that up to 2.9% of claimants were not valid recipients. This would equate to 4,881 grants of the 168,297 grants issued in the year with the value of £2.58m. However Becta's own assessment, after seeking expert advice, is that this

26 Losses and special payments (continued)

assessment is too high because the individuals already defrauding the system are less likely to risk bringing further attention to themselves by making a claim relative to the receiving of a one-off low value monetary benefit and a inherent risk of 1% was more realistic. This would equate to 1683 grants with the value of £889,000. Becta's internal controls around the programme have ensured that we have been very successful in catching fraudulent activity. The final actual proven level of fraudulent activity detected for the full programme was 0.045%. The grant value of proven or suspected fraud in the year was £111,280. The Home Access scheme was based on receipt of benefits, as opposed to eligibility for benefits.

There was a single special payment made during the year of £25,000 (2009-10: one case totalling £33,000).

27 Post balance sheet event

On 1 April 2011 Becta was placed in Members' Voluntary Liquidation with the Liquidators being Mark Wilson and Matthew Wild of Baker Tilly Restructuring and Recovery LLP. If after all liabilities have been settled there is a subsequent deficit from outstanding liabilities, this will be met by the Department for Education, in full, in accordance with their letter of 29 June 2010 and under the normal conventions applying to parliamentary control over income and expenditure, taking account of the amounts required to meet the liabilities as they fall due. Any such costs have already been included in the Department's Supply Estimate as residual costs arising from arm length bodies being closed. Hence there is no reason to believe that the department's future funding and future parliamentary approval will not be forthcoming, should a deficit arise.

28 Authorised for issue

The financial statements were authorised by the Accounting Officer, Stephen Crowne, for issue on 14 July 2011

information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online
www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries: 0870 600 5522
Order through the Parliamentary Hotline Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
E-mail: customer.services@tso.co.uk
Textphone: 0870 240 3701

The Parliamentary Bookshop
12 Bridge Street, Parliament Square
London SW1A 2JX
Telephone orders/General enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: bookshop@parliament.uk
Internet: http://www.bookshop.parliament.uk

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:
TSO Ireland
16 Arthur Street, Belfast BT1 4GD
Tel 028 9023 8451   Fax 028 9023 5401

ISBN 978-0-10-297211-5
9 780102 972115