



The
Video Standards Council

**ANNUAL REPORT &
ACCOUNTS 2012**



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ACCOUNTS 2012**

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CONTENTS

Page 1	Introduction from the Chair
Page 2	Establishing our credentials
Page 4	A brief history of the Video Standards Council
Page 6	The age rating process
Page 10	An overview of UK activities
Page 16	The global world of the internet
Page 20	VSC Board, panels & senior executives
Page 22	Statistics

APPENDIX

Page 23	Directors' report & accounts 2012
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30 July 2012 marked a new era in the history of the VSC, when it was designated (by way of its senior officers) as the body legally responsible for the age rating of video games supplied in the UK, using the Pan-European Game Information (PEGI) system. However, in some ways, for VSC staff, it was very much business as usual, because the VSC has been age-rating video games for UK supply since 1994, and, since 2003, as an administrator of the PEGI system (which now operates in the UK and more than 30 other countries.) Designation represented an endorsement of the PEGI systems and procedures which had been in place for some time, but also recognition of the crucially important and new detailed work which had to be done before designation could take place. The VSC takes very seriously the responsibilities it has assumed as a result of its new official status and will ensure that its years of experience in applying what are now statutory requirements result in the correct discharge of its duties.

The Digital Economy Act became law in May 2010, but the detailed work required for designation of the VSC took a further two years, and I would like to thank our business colleagues at UKIE (the UK video games trade body), ISFE (its European counterpart) and the DCMS, for all their help and cooperation in that process, as well as colleagues at the British Board of Film Classification. With the increasingly blurred line between films and video games, arrangements between the VSC and the BBFC need to be both comprehensive and flexible.

Warm thanks are due to my Vice Chairs, Tony Lake and Iain Muspratt, our enthusiastic and hard working board members, who are listed in this report, and the members of our Appeals and Expert Advisory Panels, also listed in this report. Our senior executives, Laurie Hall and Peter Darby and the other members of staff, who have kept the operation going while dealing with the multiple demands required by the designation process, deserve very special thanks.

This Report technically covers only the last five months of 2012 and in this respect we have included a brief history of the VSC, a description of what we do, how our system works and a view of VSC activities from a UK perspective. We have also painted a broader picture of PEGI in the global world of video games on the internet where the VSC plays an international role as a PEGI administrator.

Baroness Shephard of Northwold
Chair
The Video Standards Council



ESTABLISHING OUR CREDENTIALS

As this our first report since being designated we are using it to establish our credentials and explain who we are, where we've come from, what we do, how we do it and perhaps dispel a few myths about video games and how they are classified.

We will always intend to include in our annual report a narrative dealing with issues of great concern or controversial classification decisions that have arisen during the period of the report. I can report that during the period to the end of December 2012 there were none.

As the designated body we have the legal responsibility to refuse to grant a UK certificate of classification if a video game contravenes the provisions of the Video Recordings Act or certain other UK criminal laws. This would effectively 'ban' the video game concerned from legal supply in the UK. The system we use to deal with this is explained in more detail in this report as is the appeals procedure to appeal against any such 'banning'. During the period of this report no video game was considered for 'banning'.

We have an agreed formal arrangement with the BBFC to pass across any video game which contains explicit pornographic sexual content. The BBFC will then examine it with a view to classifying it at R18 which will mean it can only be supplied in a licensed sex shop. During the period of this report no such video games were passed to the BBFC. Indeed, since the VSC started age rating video games in 1994 it has never had a video game containing such content submitted to it.

Occasionally video games can feature video footage which is not integral to the game. We have an agreed formal arrangement with the BBFC to deal with this situation. Since designation we have (on the few occasions where it has arisen) passed the video footage to the BBFC for a rating determination and taken the determination into account when classifying the video game concerned.

The PEGI classification process used by the VSC is somewhat different than the classification process used for films. It involves the completion of an assessment form (which can be accessed from the VSC website) with a series of questions which have to be answered in order to start the classification process. There is a very good reason for this and it arises because video games and films are very different. When you sit down to watch a film two hours or so later you have seen all there is to see. When you sit down to play a video game you could still be sitting there two weeks later and not have seen all there is to see in the game. Video games are interactive. Films are linear. Completion of the assessment form does not enable games publishers to self-classify video games. It is simply an entry point to a rigorous examination process which is explained in detail in this report.

Without the assessment form and all the other materials which must be given to us the job of carrying out a proper examination would be an all but impossible task.

The materials given to us are listed later on in this report and it may be helpful for me to explain one of the cheat codes commonly known as the 'God' mode. With this cheat code the examiner can enter any level of the game without having to play through the game to get there, has invisibility, cannot be 'killed' and has unlimited weapons and ammunition. It completely ruins any challenge the game has but is an ideal way to carry out an examination.



The statistics shown later in this report serve to show that over 50% of video games are suitable for children (given PEGI 3 or 7 ratings). These games do not contain anything which would be unsuitable for young children.

In the UK 11.7% of video games were classified PEGI 18 in the 5 months to the end of 2012. This percentage would have been two or three percentage points lower had the full 2012 calendar year been covered.

During this same period 15.5% of video games attracted a PEGI 16 and 19.5% of video games attracted a PEGI 12.

The issue with video games is the use of the word 'games' which are for children aren't they? To an extent this is true and a large percentage are made for children. To another extent it is certainly not true and when one considers that the average age of a games player in the UK is well over thirty it is not surprising that many video games are made for an adult audience.

Both before and after designation the VSC has done a great deal of work to raise public awareness of PEGI and the PEGI classifications in order to give parents the ability to make more informed decisions when buying a game for a child. I can only but believe that our work on this front will continue well into the future.

There is another matter which, without due care, could become an issue. In carrying out its games rating activities the VSC fulfils a dual role as UK regulator and PEGI administrator. I have every reason to believe that these roles are fully compatible. However, I am fully aware that observance of UK law will always take precedence.

Finally can I say how much I welcome the challenge of taking on our new role as the UK regulator. A great deal of effort went into setting up the new systems and procedures required to ensure a smooth transition. In this respect I would thank all those concerned at the BBFC, the DCMS and PEGI SA for all their advice and support. I also have to thank the VSC Chair, Vice Chairs, other board members and all the VSC staff for their work.

Laurie Hall
Director General



A BRIEF HISTORY OF THE VIDEO STANDARDS COUNCIL



1984 The Video Recordings Act becomes law in the wake of the 'video nasties' controversy of the previous few years.

For the first time (with certain exceptions) all films to be released on video are required to be submitted to the British Board of Film Classification for legal classification before they can be supplied to the public.

It becomes an offence to supply videos given a 15 or 18 classification to anyone below the specified age (the 12 was not introduced until later).

The PG and U classifications are advisory only.

1988 The Home Secretary (Douglas Hurd) meets with the video industry (distributors and retailers) to ask them to introduce standards within the industry which recognise the 'letter and spirit' of the law.

1989 The Video Standards Council is set up by the video industry and introduces a code of practice designed to promote high standards within the industry and ensure that the industry shows a duty of care in its dealings with customers and the public generally.

The VSC provides staff training guidelines to retailer members designed to ensure that shop staff do not supply age restricted videos to customers under age.

1990 Merlyn Rees (later to become Lord Merlyn-Rees) appointed as Chairman of the VSC. He was a former Home Secretary and Secretary of State for Northern Ireland.

1993 The VSC enters into discussions with the Entertainment Leisure Software Publishers Association (the UK body, now called UKIE, representing the publishers of video games) concerning a voluntary classification system for video games.

1994 The VSC code of practice is extended to incorporate the video games industry.

1994 After discussions with ELSPA the voluntary ELSPA system of classification for video games is introduced for the UK. The ELSPA system is administered by the VSC.

1994 – 2003 The VSC administered ELSPA system proves a success and is applied to most video games supplied to the public in the UK. Less than 5% of video games (at the higher classification levels) are classified by the BBFC.

2001 – 2003 The VSC and ELSPA join pan-European discussions under the umbrella of the European Commission to investigate the feasibility of introducing a common classification for video games across Europe.



2003 The Pan-European Game Information (PEGI) system for the classification of video games is launched and is used in the UK and 16 other countries (currently it is used in over 30 countries).

The PEGI system is owned by the Interactive Software Federation of Europe (the European trade body representing the publishers of video games). Ownership is subsequently transferred to PEGI SA (a not for profit company registered in Belgium).

ISFE appoint the VSC and the Netherlands Institute for the Classification of Audiovisual Media (NICAM) as the joint administrators of the PEGI system.

In the UK the ELSPA system is superseded by PEGI.

2005 Baroness Shephard (former Secretary of State for Education and Employment) appointed as Chair of the VSC.

2003 – 2008 The PEGI system continues to be enhanced and developed and extended to more countries.

2008 The Byron Review 'Safer Children in a Digital World' is published in the UK and (*inter alia*) calls for a single system of classification for video games rather than the dual use of PEGI and the BBFC.

2008 – 2009 Extensive consultation and dialogue between UK Government, BBFC, VSC, PEGI and various other parties to consider the recommendations of the Byron Review and how they should be implemented.

2010 The Digital Economy Act becomes law. Amongst other matters the act effectively incorporates the PEGI system into UK law.

2010 -2012 Extensive consultation and dialogue between the VSC and UK Government concerning the systems, procedures and structures needed to be put in place to enable the VSC to be designated as the UK body responsible for the classification of video games in the UK.

2012 On 30th July VSC designated (by way of its principal officers) as the UK body responsible for the classification of video games in the UK using the PEGI system.



THE AGE RATING PROCESS



HOW IS A VIDEO GAME GIVEN AN AGE RATING FOR THE UK?

In July of 2012 the PEGI classification system was effectively incorporated into UK law and the VSC was designated as the body responsible for classifying video games for supply in the UK. This was a notable achievement and recognition that video games need their own robust and dynamic system designed to deal with the world as it is and not as it was. No national system of age rating can survive easily without a global perspective.

In order to discharge its UK specific responsibilities the VSC had to expand and enhance its staffing and resources to deal with the additional requirements of the UK law, but essentially the underlying system of giving PEGI ratings to games has not changed.

The VSC has adopted the name **Games Rating Authority** in respect of its games classification activities both as the UK regulator and the PEGI administrator.

The PEGI system is internet based and is designed to be used by games publishers from all over the world. In order to enter the PEGI system the games publisher has first to enter into an agreement with the Interactive Software Federation of Europe (ISFE) and amongst other things agree to comply with the PEGI Code of Conduct. In order to submit a game for a PEGI age rating the publisher has then to nominate at least one 'coder' who will be the person responsible for completing the online submission process and who will be the main point of contact with the PEGI administrators.

In order to submit a video game for a PEGI rating the coder is required to complete an online assessment form. The answers provided in the assessment form will elicit a provisional rating for the video game. The questions, associated help pages and associated criteria have been established and developed over the years with the advice and guidance of family welfare and child safety experts. They have also been designed to accommodate particular matters of concern in any one or more of the countries using the PEGI system. For example, they accommodate the UK concerns about bad language and the Greek concerns about gambling. The PEGI philosophy is one where the concern of one country is shared by all countries.

The requirement to complete the assessment form illustrates the need for a separate approach to age rating video games. For a film it is straightforward. A film is linear. If the film is 90 minutes long it takes 90 minutes to see everything in it. Video games are both interactive and not necessarily restricted to a set time limit. Every time the game is played the experience is different and different things are seen. A single act of violence or use of a sexual expletive in a film may only be seen or heard once. In a video game it may be seen or heard many times over as the player endeavours to progress through each level of the game. To see everything in a video game and every combination of its component parts is all but



impossible. The assessment form is completed by the coder on behalf of the games publisher who knows precisely what the game contains and where.

The completion and submission of the assessment form and the establishment of a provisional rating is a starting point only. At this stage a PEGI rating has not been given. The provisional rating simply serves to establish which of the PEGI administrators will examine the game.

Games with a provisional 3 or 7 PEGI classification are examined by the Netherlands Institute for the Classification of Audiovisual Media (NICAM) in Holland. Games with a provisional 12, 16 or 18 PEGI classification are examined by the VSC. There are arrangements between the VSC and NICAM to ensure that all video games which are eventually classified 12 are examined by the VSC.

Under UK law it is mandatory only to classify games attracting the PEGI 12, 16 and 18 classifications. Games given PEGI 3 and 7 classifications are advisory only and are exempt from UK legal classification. Although PEGI as such is not mentioned in UK legislation the benchmark at which exemption from classification is lost has essentially been set at the PEGI 12 level.

THE CLASSIFICATION CRITERIA

For violent video games there are degrees of violence. Gross violence and such things as torture, sadism, horrific depictions of death or injury, motiveless killing and violence towards vulnerable people will attract a PEGI 18 classification.

For video games attracting PEGI 16 violence is permitted at levels which fall short of the violence attracting the 18 classification such as realistic violence and sustained depictions of death or injury to human characters

For video games attracting a PEGI 12 the level of violence falls even lower and includes such things as violence to fantasy characters and unrealistic looking violence.

A similar approach is adopted when dealing with the other main rating issues such as drugs, sex and nudity, crime, and bad language.

If the use of illegal drugs is shown in a game it will attract a PEGI 16 and if the game in any way glamorises the use of illegal drugs the rating will be raised to PEGI 18.

Sexual innuendo, images and descriptions as well as sexual posturing will attract a PEGI 12. If the sex act is shown in a non-explicit manner or there is erotic or sexual nudity the classification will rise to PEGI 16. If it does become explicit then it will go to the PEGI 18 level.

If a game in any way glamorises crime it will attract a PEGI 16. A game containing mild swearing will be given a PEGI 12 and the use of any sexual expletives will raise this to PEGI 16.

It is useful to point out that once a single depiction of violence attracts say a PEGI 18 classification the video game concerned can never be classified at a lower level. The PEGI system does not take context into account because the single depiction of violence may be seen many times over as the player may make many attempts play through the level of the game where the single depiction is.



EXAMINATION

The completed assessment forms for games given a provisional PEGI 12, 16 or 18 are submitted to the VSC and subject to the PEGI fee being paid the examination process begins.

The game is allocated to a VSC examiner. Examiners have to be adept at playing games and using the various games consoles, but they are essentially recruited for their analytical skills. They have to be able to understand the criteria used at each of the age levels and apply them to what they are seeing on the screen.

Before an examiner starts the examination the following must be supplied:

A copy of the completed game (including any additional material that will appear with the retail version of the game).

Video footage giving an overview of the game and of sequences in the game resulting in 'yes' answers in the assessment form.

Plus as much of the following as is available:

Storyline & manual

Any cheat codes, 'God' modes, walkthroughs and shortcuts.

Saved games at the beginning of sequences resulting in a 'yes' answer in the assessment form.

Easy access to sequences resulting in a 'yes' answer.

Song lyrics and dialogue scripts.

If at any time the examiner wants more materials to be provided the examination stops until it is supplied.

The examiner then reviews the video footage supplied to ensure it is consistent with the provisional rating. After that the examiner plays the game to the extent necessary to establish that the supplied video footage is truly representative of the game and that the game is unlikely to contain undisclosed pertinent content. The examiner will then allocate an age rating to the game. If this is different to the provisional rating the examiner will give the coder the opportunity to remove or alter content giving rise to the different rating. If content is altered or removed, the examiner will look at the amended version and allocate the appropriate rating.

If the examiner comes across any particularly controversial content in a game, or matters where there is any uncertainty as to the appropriate age rating there are systems in place to refer such issues to senior VSC management. Under the PEGI rules there are significant penalties for deliberately failing to disclose relevant content in a game or being negligent (a possible fine of up to €500,000).

In practice nearly all differences of opinion between the examiner and the coder are resolved by agreement.

At the end of the examination a PEGI licence is issued specifying the classification and content descriptors specified by the examiner. If the games publisher disagrees with the classification given there is a formal PEGI appeals procedure available.



UK CERTIFICATES

The issuing of a PEGI licence for games rated 12, 16 and 18 does not give the games publisher the ability to supply the game in the UK. It is at this point that the VSC (operating as the Games Rating Authority) has to assume its position as the designated authority. In this position it has to answer two basic questions:

Has the game been properly classified under the PEGI system?

Does the game contravene UK law?

The answer to the first question will of course be in the affirmative as the VSC itself (acting as the designated authority and PEGI administrator) will have just rated the game using the PEGI system. In the vast majority of cases the answer to the second question will be 'no'. However, this may not always be the case.

Before answering this question there are a number of UK statutes which have to be considered dealing with such subjects as sexual content, pornographic images, protection of children, cruelty to animals, private sexual recordings, obscenity and tobacco advertising. Beyond this there is the Video Recordings Act which gives the designated authority the ability to decline to grant a UK certificate ('ban' a game from UK supply) upon the basis that the game contains significantly harmful content.

The decision as to whether a game contains such content is a very restricted basis for 'banning' a game and is one where the VSC has set up a procedure whereby any such game will be referred to an expert advisory panel where clinical, legal and research advice will be given. The advisory panel will specify the factors which should be taken into account by the designated persons (the VSC Chair and Vice-Chairs) when reaching a final decision.

The VSC Chair and Vice-Chairs will then decide whether a UK certificate should be issued or not. If they decide that a UK licence should not be issued then the game is effectively 'banned' from supply in the UK.

APPEALS

If a UK certificate is refused the games publisher concerned has a right to appeal against this decision. In this respect, the VSC has established an independent appeals panel and appeals procedure. The appeals panel comprises a Chair and a team of members for the Chair to draw on to hear an appeal.



AN OVERVIEW OF UK ACTIVITIES



Although PEGI is an international classification system for video games the VSC is very aware that it must also comply with all the legal and other requirements applicable in the UK.

Both before and after designation the VSC put various matters in hand designed to ensure a smooth transition from a voluntary PEGI system of age rating to a system of mandatory classification:

PROCEDURAL & LEGAL

Packaging

Upon designation certain regulations came into force in the UK which specify what must appear on the packaging (including discs) for video games supplied in the UK. In anticipation of these regulations the VSC took steps to ensure that PEGI packaging regulations (applicable throughout all PEGI countries) were compatible with the UK regulations.

Content descriptors

Unlike the classifications used for videos and DVDs the PEGI classifications are accompanied by content descriptors which indicate the dominant reasons why the video game has been given a classification.

At present there are nine pictogram descriptors which indicate whether a video game contains bad language, discrimination, drugs, fear, gambling, nudity, sex, violence and whether it can be played online.

The applicable content descriptors must appear on the reverse of the packaging for video games.

Each of the content descriptors must be read in the context of the PEGI age classification. Accordingly a violence descriptor with an 18 classification will indicate a much higher level of violence than a violence descriptor with a 12 classification.

Enforcement authorities

Trading Standards in the UK are responsible for the enforcement of the classification requirements and the packaging regulations for video games supplied in the UK. Against this background the VSC entered into a dialogue with the Trading Standards Institute to ensure that arrangements it had made were fully compatible with legal requirements.



The VSC set up a system whereby advice can be given and certificates of evidence supplied to trading standards officers who may require them in connection with any proposed legal proceedings.

The VSC has now entered into a Primary Authority Partnership with Hertfordshire Trading Standards (its home authority). This will mean that the VSC and trading standards departments across the country have a central national reference point for legal or enforcement matters relating to video games.

UK certificates

It is the UK certificate issued by the VSC which gives the legal authority to supply a video game classified in the UK. The VSC has set up a system for the issuing of UK certificates for video games given 12, 16 and 18 age ratings under the PEGI system. It is the UK certificates which form the basis of certificates of evidence given to the trading standards authorities.

It should be noted that for a video game supplied in the UK for a number of different games consoles (e.g. Xbox, Playstation, and Wii) a separate UK certificate is issued for each version of the game.

Video games given PEGI 3 and 7 age ratings

3 or 7 age ratings given to video games under the PEGI system are voluntary and such games are exempt from legal classification in the UK. The VSC does not issue UK certificates for such games.

The right to decline issuing a UK certificate

Under UK law the VSC does have the legal right to effectively 'ban' the supply of a video game in the UK. This facility does not exist within the PEGI system which is advisory only.

The VSC is however very aware that if relevant circumstances arise it must exercise this right even if the video game is released in the other PEGI countries. The circumstances resulting in consideration for 'banning' a video game in the UK are set out earlier in this report as are the structure and procedures to be followed (including the appeals procedure).

Since designation no video game has been submitted to the VSC which has warranted such a consideration.

Sexual content

As part of its agreed arrangements with the BBFC the VSC has agreed that any video game containing explicit sexual content will be passed to the BBFC for classification in the R18 category. If the BBFC consider any such video game does not warrant an R18 classification it will be passed back to the VSC for classification under PEGI.

Since designation no such video game has been submitted to the BBFC.

At the other end of the scale the VSC is very aware of the current UK concern about the sexualisation of young children. In relation to video games these concerns are generally covered by such matters as sexual innuendo, sexual



descriptions or sexual posturing. These matters already attract at least a 12 classification under the PEGI system.

These matters are more likely to appear in content such as music videos and PEGI has always appropriately classified such videos contained in video games.

Video footage which is not part of the video game

In the agreed arrangements with the BBFC the VSC has agreed that it will not classify or give a determination to video footage which is either not an integral part of the video game but is accessible through the game, or which is not part of the game but appears on the same disc (e.g. trailers and other advertisements for unrelated video games). The VSC has set in place procedures and agreements with the BBFC to deal with such video footage as and when it is encountered.

Since designation the VSC has on three occasions identified non integral video footage accessible through the video game concerned and has submitted the video footage to the BBFC for a determination. These determinations have been taken into account in the final PEGI classification.

Even before designation the placement of trailers and other advertisements on video games discs was on the decline. Since designation it has continued to decline to minimal levels. Games publishers now provide trailers and advertisements online.

INFORMATION

New websites

The main VSC website was completely redesigned and went 'live' many months prior to designation. It contains a full explanation of the VSC structure and the systems and procedures set in place for the classification of video games supplied in the UK at the 12, 16 and 18 levels.

www.videostandards.org.uk

A completely new website was designed and launched for the Games Rating Authority (the name under which the VSC carries out its video games classification activities). This website is aimed more specifically at the public (particularly parents) wishing to know about PEGI classifications and what they mean. Amongst other matters this website gives the consumer the ability to search for games classified for the UK and provides more comprehensive information as to why such video games have received a particular classification. This additional consumer information is available for all video games classified PEGI 12, 16 and 18.

www.gamesratingauthority.org

To mark the change in legislation and designation of the VSC the games industry (utilising our advice), through the Association for UK Interactive Entertainment (UKIE), launched their 'Control. Collaborate. Create' consumer campaign. They also re-launched their 'ask-about-games' website, a resource for parents providing further information about video gaming.

www.askaboutgames.com



In anticipation of designation the VSC joined with other UK regulators (TV, film, advertising and newspapers) in establishing the Parentport website which provides consumers with a one-stop-shop to direct their complaints or comments to the relevant regulator. The site was established and is maintained by OFCOM.

www.parentport.org.uk

Dealing with public complaints, queries and requests for information

It is probably a reflection of the times to say that almost no letters or phone calls are received by the VSC from the public. Virtually all complaints, queries and requests for information are made directly online to the PEGI public website.

www.pegi.info

These communications cover a plethora of topics but recent years would serve to show that the volume of technical questions and comments on classifications is decreasing and the volume of general requests for information about PEGI is increasing.

Familiarity with the PEGI system has certainly increased over recent years. However the VSC recognises that there remains a great deal of work to be done in terms of raising public awareness.

Although there is a centralised PEGI system for dealing with public complaints, queries and requests for information the VSC does identify matters raised by UK based members of the public. Where it concerns a UK specific matter then the VSC deals with it. In any event all matters raised by the public are dealt with in a proper and prompt manner.

TRAINING & EDUCATION

UK retailers

Since it was established in 1989 the VSC has provided its retailer members with staff training guidelines designed to educate staff involved in the supply of video entertainment about the law relating to age restricted videos and DVDs and the consequences of supplying them to persons under the specified ages. The staff training guidelines have now been amended to take into account age restricted video games.

The VSC also provides its retailer members with other information and in store display materials dealing with age restricted videos, DVDs and video games.

In addition, the VSC has established an online e-learning staff training programme for its retailer members which now incorporates the new laws relating to age restricted video games. The programme includes an exam designed to ensure that members of staff have understood what their responsibilities are. The programme produces an overview report for retailer members (both large and small) giving details of each member of staff and their status so far as the course and taking the exam are concerned. It provides retailer members with a very useful tool to ensure that all members of staff have been properly trained.



Coders' conference

'Coders' (who are designated by the publishers of video games) are responsible, on behalf of video games publishers, for submitting video games for classification under the PEGI system. An international coders' conference was held in London in 2011 during which the coders were informed of the changes which would come about as a result of VSC designation in the UK.

Online e-learning

In order to reinforce the content of the coders' conference (including the changes in the UK) an online e-learning training course was launched in advance of UK designation. This training course is designed for use by coders from across the globe.

Educating the educators

Increasing UK public awareness of PEGI is and probably will remain at the top of the VSC priority list for quite some time. Although awareness of PEGI has improved greatly over recent years the VSC recognises that promoting PEGI ratings is important to ensure that both parents and children understand why video games are classified and the rationale behind these classifications.

In this respect the VSC has and will continue to identify opportunities to reach out to colleges, universities and other educational establishments with a view to ensuring that the next generation of opinion formers and parents are as knowledgeable and familiar with PEGI classifications as they are with age restrictions for other media.

Within VSC resources we have already had a measure of success and have conducted a number of presentations to educational establishments including Hull University, Vision West College in Nottinghamshire and City College in Coventry.

We have to acknowledge that this approach will be a gradual process since many educational establishments do not always have space in their curricula to accommodate us. In many cases we supply information and literature through our websites.

PEGI IN THE UK

UK Sensitivities

When PEGI was launched in 2003 it was designed to accommodate the national sensitivities of all 17 participating countries. PEGI has a policy of adopting a common approach. A concern of one country will be adopted by all. This policy has been continued even though the PEGI participating countries now include the UK and 30 other nations.

There is, perhaps, a perception that sensitivities in other countries are not the same or set at a lower standard than in the UK. This is not so. Sensitivities and concerns in other countries are (with very few exceptions) remarkably similar to those in the UK.

In 2003 there was a particular UK concern regarding the use of mild swear words (such as 'bum' and 'bugger') in video games. This was not such an issue in other



countries. Nevertheless, the UK concern was incorporated into the PEGI criteria and the use of such words in a game will attract a PEGI 12 classification. More serious sexual expletives are commonly frowned upon and attract a PEGI 16.

The PEGI criteria used for classifying video games at the various age levels were established and are continually monitored and amended (where necessary) by a PEGI experts group. This is made up of specialists and academics in the fields of media, psychology, classification, legal matters, technology and the digital environment. The UK has representation in this group.

Since 2003 the experts group has been able to adopt a very dynamic and robust approach to new situations and technological developments. Matters dealt with by the group have usually arisen from within the group itself, from public complaints and from difficulties encountered by the PEGI administrators (including the VSC).

In the event that the VSC does identify a significant UK specific matter which is not dealt with by the PEGI criteria it does have the ability to raise it with the PEGI experts group. In such event it is likely it will (subject to PEGI procedures) be incorporated in the PEGI criteria. In the unlikely event that it is not the VSC will have the legal ability to override a PEGI rating given for video games supplied in the UK.

Surveying UK public attitudes to PEGI

The VSC is keenly aware, especially since designation, of the need to stay up-to-date with contemporary attitudes and values amongst the UK population.

With this in mind it intends to join with PEGI SA who will be commissioning a European wide research study into public attitudes towards PEGI criteria. The project will be carried out by IPSOS Mori and will include the UK.

This study will give the VSC the opportunity to ask questions of the UK public on matters that it considers may require further investigation. Although no decisions have been finalised the VSC intention is to target specific areas of the criteria (e.g. violence, drugs, discrimination) rather than attempt to deal with the criteria as a whole.

It is anticipated that this will be repeated at intervals and other areas of the criteria will be investigated at later stages.

In addition to the planned study outlined above the VSC continues to monitor all UK comments received by PEGI for signs of unease over the rating criteria. It also has directors representing the children and family welfare sector on its board and is able to receive concerns expressed through these channels.





When PEGI was launched in 2003 as an international classification system for video games there was already recognition of what the future was likely to hold. At that time most video gamers across the world accessed video games in a physical format (they were available in boxes for purchase in high street stores). Since then there has been a steady migration (which has accelerated over more recent years) from the high street to the internet. The internet is of course a global environment where generally accepted methods of control are proving unworkable.

The games landscape has changed radically and the challenge for PEGI was to innovate and keep pace with the changes. The PEGI classic system (for games in boxes) certainly set the scene by establishing a reliable and internationally familiar set of age classification symbols. It is now a question of combining the reliability of PEGI as we know it with the flexibility of digital online products.

The number of video games submitted to PEGI steadily increased until 2009 since when there has been a decline. There is no single reason for this.

The video games industry is a cyclical industry. With the launch of the new Wii U console in 2012 and the imminent launch of Playstation 4 and Xbox One later in 2013 it is clear that the industry has come to the end of one hardware cycle and is about to enter a new one. This will undoubtedly have an impact on the number of games being released. However this is not the only reason for the decline.

The biggest decline over recent years has been for video games with a PEGI 3 classification. It is evident that a great many smaller games (such as puzzle and platform games) have migrated to digital platforms for smartphones and tablets. The growth in the number of applications (apps) available on these platforms has been phenomenal. When one considers that some 60% of apps are game related then the decline in more regular video games at the PEGI 3 level is not at all surprising.

It is difficult to make predictions for the future but it is clear that the video games industry is as versatile as ever. In this world of constant change PEGI has certainly not stood still with the launch of PEGI Online in 2007, PEGI FOR APPS and more recently its collaboration with its global colleagues for IARC. The VSC has direct involvement with all of these.





PEGI Online was launched in 2007 as an addition to the PEGI system with the purpose to give young people in Europe better protection against inappropriate online gaming content and to help parents understand the risks within this environment. The licence to display the PEGI Online label is granted by the PEGI Online administrator to any online gameplay service provider that meets the requirements set out in the PEGI Code of Conduct.

Since online games often support virtual communities, players can be exposed to the risks associated with real-time interaction with unknown fellow players. Such risks include:

User generated content being created as a result of the game which could be unsuitable for young people and a mismatch with the rating given for the game.

Some players engaging in behaviour that might not be suitable for young people. For example, inappropriate or offensive language; bullying in games that allow text, voice or video communication.

Breaches of privacy. Online players sometimes encourage children to build relationships, share personal details, or even meet unknown fellow players outside the game.

Links to websites where content may not be suitable for young people.

To address these topics, the main provisions of the PEGI Online are:

Only game content that has been appropriately rated by PEGI or another recognised European system can be included on a site.

Appropriate mechanisms are in place to allow game players to report the existence of undesirable content on any related websites.

Licence holders will use their best endeavours to ensure that online services under their control are kept free of any content which is illegal, offensive, and obscene or which might permanently impair the development of young people.

Any PEGI Online licence holder collecting personal information from subscribers will maintain an effective and coherent privacy policy in accordance with European Union and national Data Protection laws.

Licence holders will maintain community standards to prohibit subscribers from introducing content or indulging in online behaviour which is illegal, offensive, obscene, or which might permanently impair the development of young people.

All advertising shall be conducted demonstrating a sense of responsibility towards the public.

The PEGI Online label indicates whether a particular game or site is under the control of an operator who cares about protecting young people.



The PEGI Online website www.pegionline.eu offers all relevant information about the nature, categories and potential risks of online gaming. It contains useful tips for safer online game play and offers the possibility to report complaints or abuses by consumers.

PEGI for APPS



PEGI for APPS is a rating procedure specifically designed for small software applications, including but not limited to games, on digital platforms. It is designed to cater specifically to the needs of app developers and digital platform operators. It is not a new rating system, it is a more flexible and tailor-made procedure that allows mobile or digital platforms to use the classic PEGI rating system as it is known from boxed products and online titles. In addition, it adds feature descriptors that inform a consumer about certain types of functionality in an app.

PEGI for APPS is currently used by Microsoft for the Windows Phone platform, but any mobile or digital platform on the market is welcome to adopt and implement the rating procedure.

What is the same?

The methodology: the same tried and tested method of self-declaration followed by review is used.

The consumer experience: users, who may or may not already be familiar with the PEGI system, will always see the same set of icons, indicating the minimum age that is advised for a game.

The criteria: the fundamentals for determining the PEGI rating of a game's content remain in place.

What is different?

The workflow: PEGI for APPS uses a post-release audit system to verify ratings. This means the license for a rating is issued immediately after the publisher has submitted an app. Designed like this, PEGI for APPS can cope with a very high volume of ratings and the need for quick turnover time to match the flexibility of digital distribution. It will avoid the release of an app being delayed but ensures that correct ratings are given. In case an improper rating is given, this can be corrected instantly.

The user interface: PEGI for APPS is designed to be intuitive and fast. Submitting games only requires a very short time. Apps with barely or no inappropriate content for children are classified at once. Only as the amount and diversity of potentially inappropriate content increases will a few more questions need to be answered.

Feature descriptors: many apps include functionality that improves the user experience, but nevertheless also warrants caution, since consumers are not always aware of such features, like in-app purchasing or location data sharing. PEGI for APPS includes descriptors that indicate whether an app contains any of those features. These descriptors are not linked to specific age ratings, but rather operate



alongside the age rating and its corresponding content descriptors. The current feature descriptors are:



The app contains elements enabling the consumer to purchase additional content or functionality when the app is active, regardless of whether the app itself was acquired for free or not.



The app gives its developer (or a third party) access to personal data such as home address, contact details or bank account numbers.



The app includes an option for a user to chat with other users of the app. These users may operate under a pseudonym or anonymously.



The app contains the option to share exact location on a map when using the app. The location information may be shared publicly or with a specific network inside the app or elsewhere online

IARC (International Age Rating Coalition)

The growing popularity of digitally delivered video games - on pc and game consoles, but also on mobile phones and tablets - has been a challenge in the recent past. Not just in Europe, but for rating bodies across the globe. Although apps are presented to customers online in local storefronts (e.g. Windows Phone Store, Apple's App Store and Google Play), it has become evident that app developers and publishers are in need of a one-stop-shop (or something close to it) to obtain age classifications for their products.

For that reason IARC, which stands for International Age Rating Coalition, was set up, an international working group including video games rating boards from Europe, USA, Australia, Brazil and others. This group has developed a list of questions which combines all the criteria of the different rating boards across the globe into one big flowchart. This task has certainly been a challenge, but early test results showed that it could be done and now the system is ready for deployment. Europe (PEGI and USK), the USA (ESRB) and Brazil (ClassInd) will most likely launch the first phase of IARC later in 2013, as soon as participating platforms (e.g. Microsoft is actively helping with the development) are ready to implement it.

Using an online programme, a publisher provides input to these questions, after which IARC produces classifications for all participating regions at the same time. Based on cultural differences, these ratings may vary but will provide a video games publisher with a robust solution with relatively little effort. Because the PEGI system is traditionally built on an assessment questionnaire it has been part of the IARC project from the start.

The VSC is directly involved in the development of the IARC system.



VSC BOARD, PANELS & SENIOR EXECUTIVES



The
Video Standards Council

VSC BOARD

Baroness Shephard of Northwold (Chair)

Former Secretary of State for Education & Employment

Tony Lake OBE QPM (Vice-Chair)

Former Chief Constable of Lincolnshire Police

Iain Muspratt (Vice-Chair)

Chartered Accountant. Past Chairman of the British Video Association and member of the British Screen Advisory Council.

Kim Bayley (Entertainment Retailers Association)

ERA is the trade association representing retailers of music, video, DVDs and video games.

Lavinia Carey OBE (British Video Association)

The BVA is the trade body representing the interests of publishers and rights owners of video entertainment.

Dr Jo Twist (Association for UK Interactive Entertainment)

UKIE is the trade association representing the video games and interactive entertainment industries.

Mary MacLeod OBE

Independent family policy adviser and a leading voice on children and family welfare.

Chris Atkinson

Child protection background and has worked in the children's charity sector for most of her career including 16 years at the NSPCC

Harry Marsh MBE

Freelance consultant in the UK voluntary sector; advising a wide range of charities and charitable trusts on governance, strategy, project management, diversity and fund raising.

Nicky Ward (HMV)

HMV is a major entertainment retailer.

Charles Webster (Delta Music)

Delta is a publisher of DVDs and CDs and a distributor with its own network of fully merchandised outlets.



APPEALS PANEL

Baroness Kennedy of the Shaws QC (Chair)

Leading barrister and expert in human rights law, civil liberties and constitutional issues

Prof. Barry Everitt

Master of Downing College, Cambridge

Anthony Lilley OBE

Award winning media producer with experience in the commercial and public sectors

Judge Kyrie James

Member of the Asylum & Immigration Tribunal and the Government's Advisory Council on the Misuse of Drugs

John Grieve CBE QPM

Former New Scotland Yard detective. He teaches at Portsmouth and London Metropolitan universities

EXPERT ADVISORY PANEL

Geoffrey Robertson QC

Leading media lawyer and 'distinguished jurist' member of the United Nations Justice Council

Prof. Tanya Byron

Consultant clinical psychologist specialising in child and adolescent mental health

Dr. Guy Cumberbatch

Chartered psychologist and Director of The Communications Research Group in Birmingham

SENIOR EXECUTIVES

Laurie Hall (Director General)

Qualified solicitor with many years experience in the music, video and video games industries.

Peter Darby (Director of Operations)

Former senior police officer having served 34 years with the Metropolitan Police Service. Joined the VSC in 2003.

Full profiles for all of the above are available on the VSC website.



STATISTICS

UK ONLY

UK certificates issued by the VSC (for 12, 16 & 17 classifications) and total video games (unique titles) rated for the UK under PEGI for the period 30th July – 31st December 2012

Age classification	UK certificates		Unique titles	Percentage
3	-		99	33.2%
7	-		60	20.1%
12	77		58	19.5%
16	74		46	15.5%
18	74		35	11.7%
TOTAL	225		298	100%

Note:

For a video game supplied in the UK for a number of different games consoles (e.g. Xbox, Playstation, and Wii) a separate UK certificate is issued for each version of the game.

The above percentage figures are not indicative of a full calendar year. Historically a greater percentage of video games at the higher classification levels are released in the months leading up to Christmas.

ALL PEGI TERRITORIES

Overall PEGI ratings by age for the calendar year 2012

These figures include online ratings

Age classifications		Percentage
3	613	33.8%
7	388	21.4%
12	418	23%
16	224	12.4%
18	170	9.4%
TOTAL	1813	100%

Complaints & enquiries made to PEGI public website for 2012

Complaints related to rating delivered	71
Complaints concerning advertising	7
Requests for information on PEGI	554
Comments on PEGI System	36
Questions and comments on ratings	178
Complaints via pegionline.eu	113
Other	122
Technical difficulties	313
Total	1394



APPENDIX

Company Registration No: 02402805 (England & Wales)

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT & ACCOUNTS
YEAR ENDED 31ST DECEMBER, 2012

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st December, 2012.

PRINCIPAL ACTIVITY

The principal activity of the company during the year remained that of administering regulation schemes for members of the video and video games industries engaged in the distribution, wholesaling and direct and indirect retailing and renting of videos and video games.

DIRECTORS

The directors who have served during the year were:-

Baroness Shephard (Chair)
I.D. Muspratt (Vice-Chair)
J. Lake (Vice-Chair)
C. Webster
UK Interactive Entertainment Association
Entertainment Retailers Association
British Video Association
T.S.W. Soffe (Resigned 9th May, 2012)
C.M. Atkinson
M. Macleod
H. Marsh
N. Ward (Appointed 11th September, 2012)

Auditors

In accordance with the company's Articles, a resolution proposing that Newton & Garner Ltd. be reappointed as auditors of the company will be proposed at the forthcoming annual general meeting.

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- (i) Select suitable accounting policies and apply them consistently.
- (ii) Make judgements and estimates that are reasonable and prudent.
- (iii) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- There is no relevant audit information of which the company's auditors are unaware; and
- We have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board on 17th April 2013 and signed on its behalf:

L.J.Hall - SECRETARY

THE VIDEO STANDARDS COUNCIL

YEAR ENDED 31ST DECEMBER, 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VIDEO STANDARDS COUNCIL

We have audited the financial statements of The Video Standards Council for the year ended 31st December, 2012 set out on pages 28 to 32. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008)(United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December, 2012 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

THE VIDEO STANDARDS COUNCIL

YEAR ENDED 31ST DECEMBER, 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VIDEO STANDARDS COUNCIL

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Robert Knight FCCA ATII
Senior Statutory Auditor
For and on behalf of Newton & Garner Ltd
Statutory Auditor

DATE: 18th April 2013
BUILDING 2,
30 FRIERN PARK,
NORTH FINCHLEY,
LONDON, N12 9DA

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31ST DECEMBER, 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
<u>SUBSCRIPTIONS AND FEES</u>			
Fees receivable	2	677,821	697,138
<u>INVESTMENT INCOME</u>			
Interest receivable		141	130
		-----	-----
		677,962	697,268
<u>EXPENDITURE</u>			
Administrative expenditure		650,613	666,065
		-----	-----
<u>SURPLUS FOR THE YEAR</u>			
<u>BEFORE TAXATION</u>			
	3	27,349	31,203
Tax on surplus	4	5,610	6,450
		-----	-----
<u>SURPLUS FOR THE YEAR</u>			
<u>AFTER TAXATION</u>			
		£21,739	£24,753
		=====	=====

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET

AT 31ST DECEMBER, 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
<u>FIXED ASSETS</u>			
Tangible assets	5	-	-
<u>CURRENT ASSETS</u>			
Debtors	6	24,613	32,924
Cash at bank and in hand		241,261	229,451
		-----	-----
		265,874	262,375
<u>CREDITORS</u>			
Amounts falling due within one year	7	29,185	47,425
		-----	-----
<u>NET CURRENT ASSETS</u>		236,689	214,950
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		£236,689	£214,950
		=====	=====
<u>RESERVES</u>			
Income & expenditure account	9	£236,689	£214,950
		=====	=====

The accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the board on 17th April 2013 and signed on its behalf

J.A.Lake - DIRECTOR

I.D.Muspratt - DIRECTOR

Company Registration No. 02402805

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided to write off the cost of office equipment in full, when acquired.

Pensions

The company operates a defined contribution (salary sacrifice) scheme. The pension charge represents the amounts payable by the company to the fund in respect of the year.

2. VOLUNTARY INCOME

Fees receivable represents the invoiced amounts of services provided during the year, excluding value added tax.

3. SURPLUS FOR THE YEAR BEFORE TAXATION

Surplus is stated after charging:-

	<u>2012</u>	<u>2011</u>
Depreciation	4,220	4,235
Directors' remuneration	61,900	58,000
Auditors' remuneration	1,000	1,000
	=====	=====

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

		<u>2012</u>		<u>2011</u>
4. <u>TAXATION ON INCOME</u>				
U.K. Corporation tax at 20% (2011 - 20.25%)		£5,610		£6,450
		=====		=====
5. <u>TANGIBLE FIXED ASSETS</u>				
<u>COST</u>	<u>2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>2012</u>
Office equipment	£37,879	£4,220	£ -	£42,099
	=====	=====	=====	=====
		Charge		
<u>ACCUMULATED DEPRECIATION</u>	<u>2011</u>	<u>for year</u>	<u>Disposals</u>	<u>2012</u>
Office equipment	£37,879	£4,220	£ -	£42,099
	=====	=====	=====	=====
<u>NET BOOK VALUE</u>	<u>2011</u>			<u>2012</u>
Office equipment	£ -			£ -
	=====			=====
		<u>2012</u>		<u>2011</u>
6. <u>DEBTORS</u>				
Prepayments		14,449		24,020
Other debtors		10,164		8,904
		-----		-----
		£24,613		£32,924
		=====		=====
7. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>				
Taxation & social security		18,184		16,759
Fees received in advance		4,167		27,291
Accruals		6,834		3,375
		-----		-----
		£29,185		£47,425
		=====		=====

THE VIDEO STANDARDS COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

8. PENSIONS

The company operates a defined contribution (salary sacrifice) scheme. Assets of the scheme are held separately from those of the company in independently administered funds.

	<u>2012</u>	<u>2011</u>
Contributions payable by the company for the year	£56,523 =====	£49,556 =====

9. RESERVES

Income & Expenditure account

	<u>2012</u>	<u>2011</u>
Balance at 1st January, 2012	214,950	190,197
Surplus for the year	21,739	24,753
	-----	-----
<u>Balance at 31st December, 2012</u>	£236,689 =====	£214,950 =====

The Video Standards Council, Kinetic Business Centre,
Theobald Street, Borehamwood, Hertfordshire, WD6 4PJ
020 8387 4020